NATIONAL MUNICIPAL REVIEW

VOL. XII, No. 9 SEPTEMBER, 1923 TOTAL No. 87

COMMENT

CLEVELAND is planning for its first election under proportional representation. The new public hall has been leased for the ceremony of counting the votes.

*

Charles E. Ashburner has resigned as city manager of Norfolk, Virginia, to become manager of Stockton, California, at a salary of $20,000 a year. Mr. Ashburner is the oldest manager in point of service in the United States.

*

Gary, Indiana, recently defeated the manager plan by a vote of more than two to one. Gary is a city of about 45 nationalities, with 10,000 negroes, and many were led to believe that the Steel Trust was behind the manager movement.

*

The Eleventh Governmental Research Conference was held in Minneapolis in June. The next meeting will be in Washington at the time of the meeting of the National Municipal League. The executive committee of the Conference has elected Dr. Lent D. Upson chairman and Arch Mandel secretary.

*

The Federal Surplus

There has been so much discussion, favorable and unfavorable, concerning the national budget surplus that we believe that our readers will welcome the following authoritative statement prepared by H. P. Seidemann of the Institute for Government Research, Washington, D. C.

"At the beginning of the fiscal year 1923 the national government faced a deficit of approximately $822,433,231.

"In contrast to this forecasted situation the treasury closed its books on June 30, 1923, with surplus of $309 657,460.30, or an improvement of the financial condition of the government of $1,132,090,691.30.

"The question arises, how was this improvement accomplished? How does the budget bureau account for this large variation in the estimates?

"The director of the bureau of the budget explains the differences in the estimates on page 16 of his report for the fiscal year 1923. This report shows that the factors which made it possible for the government to turn the anticipated deficit into an actual surplus were an increase of receipts of $768,101,415.62 and a reduction in expenditures of $363,989,275.68.

"The excess of receipts over the estimates of June 30, 1922, is represented by an increase in (a) Customs revenues of $211,928,866.66; (b) Internal revenue taxes of $424,472,760.83; and (c) Miscellaneous receipts of $131,699,-788.13.

"The net decrease in expenditures was realized by reducing the ordinary

business expenditures of the government by $148,175,329.82, and by reducing and postponing capital expenditures and fixed charges to the amount of $21 5,813,945.86.

"In this connection, it is of interest to note that the expenditures of the government during the fiscal year 1923 were $263,033,233.52 less than the corresponding expenditures for the fiscal year 1922. The reduction in expenditures approximated the decrease in revenue, which is reported by the director of the bureau of the budget as $267,177,424.32 less than the collections made during the fiscal year 1922."

*

A Mass Meeting on the City Budget

James Madison once said: "A popular government without popular information, or a means of acquiring it, is but a prologue to a farce or a tragedy." The commission-manager government of Petersburg, Virginia, has recently inaugurated a striking means of supplying this information to its citizens. Printed reports on the city's work are not generally read by the public and may not be reviewed by the newspapers. Budget documents may not be read, and if they are they may not explain in a satisfactory manner the city's financial program. But Petersburg under commission-manager government actually reaches the citizens and taxpayers of the city, giving them the salient facts about the city's fiscal program and past accomplishments. And the general setting is such that these facts make front-page, head-line news for the papers of the city.

Here is how they did it in Petersburg this year. When the city commission had the budget for the fiscal year beginning July 1 ready for adoption, a mass meeting was called one evening at the high school auditorium. More than 800 people of the city were there. City Manager Louis Brownlow and Mayor Samuel W. Zimmer spoke to them on the fiscal policies as set forth in the budget, and invited questions and criticisms. The manager's speech dealt with the revenues and expenditures of the city government. He took up the appropriations of each city department and explained them fully. The mayor's speech explained the need for economy and set forth at length in facts and figures the results of the expenditures made by the various services of the city government. The next day the *Progress and Index-appeal*, a leading daily of the city, carried on the front page these headlines: "CITY'S $2.00 TAX RATE REMAINS SAME. ECONOMY IS KEYNOTE IN CITY AFFAIRS AS BUDGET SHOWS SLIGHT INCREASE. Citizens attend Mass Meeting in High School and hear City Manager Brownlow and Mayor Zimmer explain how their Money is being Spent—Schools take $18,000 or $20,000 increase in Budget for coming fiscal year—Interest on big bond issue causes but $2,000 increase." Following these headlines was an eight-column account of the meeting and speeches.

This is one means of acquiring the "popular information" that Madison refers to. A great many other city governments might profit by trying the Petersburg idea of "putting the cards on the table" before Mr. Taxpayer and giving him a chance to see that there are no four-flushes being played against him.

A. E. B.
H. W. DODDS.

WHY THE FARMER OPPOSES DAYLIGHT SAVING

BY JOHN A. McSPARRAN
Master, Pennsylvania State Grange

The farmer's viewpoint presented for the consideration of the city reader. :: :: :: :: :: :: :: :: :: ::

FARMERS as a class rise earlier in the morning than anyone except those who work on shifts requiring early morning change. If the clock is advanced an hour he is required to meet that situation by rising an hour earlier.

Effort has been made to have daylight saving in the cities only. This seems at first glance to be fair; but it is not, for the reason that the early morning trains which take the commuter into the city to work haul, in so many cases, the farmers milk to market. And furthermore, there is no strict line of demarkation between the city and country and those who work in the suburbs on farms want the same hours that hold in the cities.

THE COW WILL NOT CHANGE HER SCHEDULE

The question arises why does not the farmer accommodate his work to an hour system and a time of day that will meet the operation of daylight saving. First, he cannot as a rule meet the eight-hour day for the reason that cows cannot be milked twice in eight hours and allowed to go the rest of the twenty-four; neither can stock be fed three times in eight hours and allowed to fast the rest of the twenty-four. In the second place, the farmers occupation is one that has to be followed in conjunction with nature and which must obey laws that are immutable. If there were no dew and crops could be worked with ease any time during the twenty-four hours, he could partially adjust his work to such a plan; but often he cannot get to his work until the sun has dried the crop he is handling. This is especially true of harvesting. During the hours of the late afternoon crops are in the finest condition to handle, but under daylight saving the farmer loses an hour of the very time that he can most effectually handle and harvest his product. To make him pay his help for one more hour of unprofitable time in the morning and lose one hour of the most profitable time in the afternoon only adds one more argument for deserting the farm and adding more families to the already congested condition of most of our cities and leaving less families to produce the food of the nation.

CONFUSION

Possibly the worst situation of all that arises out of the tampering with standard time is the confusion in appointments. Those who work at home and stay at home may not be bothered much by the change in the clock but all who go from town to town, who have engagements in city and country, find provoking difficulty in knowing whether an appointed hour means that hour or an hour before. Often he forgets that a given section has changed the time and fails to make an appoint-

ment at all or meets it an hour too soon.

Our forefathers went to quite a deal of trouble to establish a uniform time that would give large sections of the earth's surface the same time. It would seem the wise thing therefore to leave this well established time alone, and if a city wants to go to work an hour earlier to do so. But it has been found by electoral test that the people of the cities do not want daylight saving. City after city that has voted has defeated the proposition. Since the people do not agree to it, the leaders of industry, the chambers of commerce, boards of trade and the like, bring influence to bear on councils that does not represent the whole populace.

WHAT'S THE MATTER WITH KANSAS

BY C. E. McCOMBS, M.D.
National Institute of Public Administration

Kansas experience in keeping the health department "out of politics" by hamstringing the governor. :: :: :: :: :: ::

Opposition to administrative reorganization designed to give the elective head of the government a larger measure of responsibility for control of departmental services is perhaps strongest among those good citizens who are concerned with the promotion of public health and welfare. The intrusion of partisan politics into public health administration has undoubtedly been the cause of inefficient and unproductive public health work in many cities and states. There is, in consequence, a fairly well established opinion among health workers that one of the best ways to "take health departments out of politics" is to put their control in the hands of boards of health, so constituted that complete change of personnel can not be made during any one administration.

The situation which has recently arisen in Kansas with respect to public health administration is one that deserves thoughtful consideration by any one who believes that board administration of public health according to the above mentioned plan is a good way to "take health departments out of politics." According to recent reports "the state capitol is a boiling caldron of partisanship," and "Kansas faces the greatest political battle since the legislative war of 1893," as the result of the attempt on the part of Democratic Governor Davis to oust a Republican board of health holding over from a previous administration and to substitute for it a board of his own selection. The governor has appointed his new board which has proceeded to elect its secretary and to take possession of the health department offices. The old board of health refuses to abandon the field, holding that its term of office has not expired, and it has elected its own secretary. The office force of the health department refuses to obey the orders of the newly appointed board and secretary. To make matters worse the executive council of the state which is composed of four Republican officials and the Democratic governor, refuses to endorse the governor's action and approves by a vote of 4 to 1 the action of the old board of health in resisting the ouster.

That this political squabble will contribute to the promotion of public health administration in Kansas is to be doubted, unless, of course, it leads to a general reorganization of the state government. If the governor's board is ultimately sustained it will be handicapped from the outset by the antagonism of many of the health workers of the state who will, rightly or wrongly, attribute the governor's action to partisan political motives. If the old board of health withstands the assault upon it and remains in power, it will not be in harmony with the administration of which it is a part and will suffer in consequence.

TWO IMPORTANT LESSONS

It seems to the writer that there are two important lessons to be learned from the Kansas imbroglio. The first is that board administration of public health offers far greater opportunity than any other type for the entrance of partisan politics into public health affairs, which is the very thing board administration is claimed to eliminate or, at least, minimize. The second is that the elective head of the government ought, if he is to be really responsive and responsible to the electorate, to have full authority to hire and fire those on whom the administration of his departmental policies depend. There probably would have been no serious, state-rending issue of patronage or partisan politics had the administration of public health in Kansas been in the hands of a single executive whose tenure was dependent upon the will of the governor. The governor under such circumstances might have removed an executive appointed by his predecessor and put his own man in charge of state health work, but if it had clearly been his right to do so, it is more than likely that he would have exercised his right with discretion and with more regard for the health interests of the state than for the political considerations involved. A governor having a single health executive to appoint has more incentive to make that appointment a good one than the governor who has authority merely to select a minority in a board of health. In the first case, the governor must accept full responsibility for the work of the health department; in the second instance he can quite properly refuse to accept such responsibility.

Kansas seems to be in need of a reorganization of its administrative agencies in such a way that the governor can really govern. Perhaps the right answer to the question, "What's the matter with Kansas?" may be found in a thorough-going study of the state government and the adoption of those principles of administrative consolidation which have been found effective elsewhere.

MUNICIPAL RESEARCH IN JAPAN

A REPORT TO AMERICAN RESEARCH WORKERS

BY CHARLES A. BEARD

Dr. Beard has just returned from Japan where he helped organize a municipal research bureau in Tokyo. There is strong sentiment throughout Japan for improvement in municipal methods. ::

Tokyo has the first liberally endowed bureau of municipal research in the world. American institutions of the kind are sustained by annual gifts and dependent upon the winds of fortune. Japan builds upon more solid foundations. In the United States leadership in municipal research is usually undertaken by private citizens who have no political affiliations; in Tokyo leadership is taken by one of the first statesmen of Japan, Viscount Shimpei Goto, who for nearly half a century has filled posts of honor in the government of his country—civil governor of Formosa, president of the South Manchurian Railway, minister of home affairs, minister of railways, minister of communications, foreign minister, and most recently (1920–23) mayor of the capital of the Empire.

INSTITUTE WELL ENDOWED

It was under the leadership of Viscount Goto that the Institute for Municipal Research was established in Tokyo on Febuary 24, 1922. Throughout his long career, the Viscount had always based his policies upon research; and wherever he worked he established institutions for scientific inquiry. As a result of his experience in administration he became convinced that scientific research offered the best hope to those who were trying to find an easy transition to a better order of things.

On his election to the office of mayor of Tokyo, he at once began to make plans for the new Institute. A report on the organization and work of the New York Bureau of Municipal Research was prepared and circulated among interested citizens. The support of a prominent banker, Mr. Z. Yasuda, was secured and it was found on his death in 1921 that the sum of Yen 3,500,000 had been left to Viscount Goto for municipal research.

This amount was supplemented by large gifts by two other Japanese gentlemen of public spirit. A board of trustees composed of more than one hundred and fifty leading citizens of Tokyo was organized and the Institute formally launched in 1922.

Shortly after the inauguration of the new Institute, Viscount Goto honored me with an invitation to come to Tokyo and co-operate with him and his colleagues in developing the program of work. On my arrival in Japan on September 14, 1922, the Viscount announced that he had in mind four different tasks. First of all he intended to begin a campaign to arouse a deeper interest in municipal government among college and university students and citizens of Japan. In the second place, he was confronted by a number of concrete problems in taxation, assessments, transportation, and consolidation on which he wished light from American experience. In the third place, the work program,

library, and research methods of the Institute were still in a formative stage and called for a good deal of attention. Finally, Viscount Goto told me to imagine myself mayor of Tokyo for the time being and to make a report to the citizens on the problems of the city, expressing my opinions "freely and without reserve."

CAMPAIGN FOR STUDY OF MUNICIPAL GOVERNMENT

The Viscount is rightly known as the "Roosevelt of Japan," for hard work began on the second day after my arrival, with visits to some of the important institutions of Tokyo. The campaign to arouse popular interest in municipal affairs opened with a dinner which was attended by Baron Kato, premier of Japan, Count Uchida, minister of foreign affairs, Viscount Shibusawa (who had visited the New York Bureau and wanted to know how it was getting along), the Hon. Charles Beecher Warren, the American ambassador, and other distinguished guests. That was followed by a reception by the entire board of trustees and another by the city council; at the latter the subject of special assessments was the topic for discussion. Courses of lectures were given at the Imperial University of Tokyo and at Waseda University. Single lectures were given at the other colleges and universities in the city—not overlooking the women's colleges and the American School.

In November, Viscount Goto started on his grand tour. Lectures and addresses were given in Kyoto, before the city authorities, citizens, and students; in Kobe before the city authorities; in Osaka before the city authorities, the Economic Association, and a body of citizens assembled under the auspices of the Osaka *Asahi*, one of the leading newspapers of Japan; and in Nagoya before the city authorities and citizens. Everywhere our party was greeted by large and enthusiastic audiences, bearing witness to the confidence and esteem enjoyed throughout Japan by Viscount Goto. The addresses were translated into Japanese and published in the great newspapers, thus given a circulation running into the millions. On the return to Tokyo the latter part of November, we had the pleasure of speaking before the first city planning conference of Japan.

JAPANESE OFFICIALS WELL INFORMED

After delivering thirty or forty lectures and addresses, I settled down at the Institute for a winter of hard, but intensely interesting work. There were innumerable conferences with city officials about American experience in dealing with all kinds of municipal questions—conferences in which I was deeply impressed by the knowledge and insight displayed by the Japanese officers. Nothing that goes on in the western world seems to escape their eagle eyes. The latest and technical magazines in French, German, and English are at their disposal and they read them. When I called on Dr. Mizuno, the home minister, his first question was "How is the city manager plan working in America?" He also wanted to know my opinion about the future of the plan in large cities like Cleveland. As soon as Viscount Goto read the New York *Times*' account of Mayor Hylan's grand subways' scheme he called me on the telephone and asked me to make a summary of New York experience with subways. For five months I was busy answering questions, and cabling to the New York Bureau for help when my slender store of information broke down!

In the organization of the Institute, the problems were simple. The large

board of trustees had elected a small board of directors who managed the institution. The organization and machinery of the New York Bureau in general were well known and there was little to do except to fill in the details, explain our working methods, and assist in developing the library. After experimenting in collegiate administration, the board of directors finally appointed one managing director, Mr. K. Matsuki, a graduate of the Tokyo Imperial University, formerly director of the Imperial Government Railways, manager of the street railways of Tokyo, and vice-president of the Yamashita Steamship Company. The director of the Tokyo Institute is therefore a man of thorough training and wide experience in public affairs as well as private business. Broad and liberal in his views on public questions and thoroughly conversant with the essential ideas of research, he is well fitted to take leadership in the new movement in Japan.

TOKYO SURVEYED

In the midst of many other activities, I carried forward the work of making a general survey of Tokyo. In this I had the assistance of many able city officials among whom I should mention especially the assistant mayors, Mr. Nagata, Mr. Ikeda and Mr. Maeda, whose knowledge of western municipal theory and practice is precise and deep. I was also fortunate in securing the help of Dr. Seigo Takahashi, of Waseda University. Dr. Takahashi took his doctor's degree at Columbia University and spent many months working in the New York Bureau; he is familiar with research and survey methods and is one of the trustees of the Institute. During my six months in Tokyo he put aside everything else and devoted himself unreservedly and generously to the common cause. Thus, aided by many skilled workers and afforded every facility for examining books and papers and visiting offices and institutions, I was able to complete a general survey of the administration and politics of Tokyo. The entire survey has already been translated into Japanese and will be published in English by the Macmillan Company during this autumn. A digest was given to the public on March 15, 1923.

One more interesting undertaking should be mentioned in conclusion. Under the direction of the assistant mayor, Mr. Ikeda, Tokyo had organized a training school for public service and in February I had the privilege of delivering a course of lectures in the school before the most remarkable audience which I have ever faced. It was composed of officials, engineers, and specialists from the great cities of Japan, professors from the universities, and members of the research staff of the Institute for Municipal Research. All of them understood English and brought informed and critical minds to bear in the discussions that followed the lectures. It is one thing to lecture to college boys and girls; it is something else to lecture to adults of long experience in doing the work of city government!

The Tokyo Institute for Municipal Research is now on its way. It has already published a comprehensive study of the problem of consolidating the urban areas of Greater Tokyo and proposed a new charter for the enlarged municipality. Its suggestions are before the Imperial government awaiting action. The Institute is carrying on researches in the fuel and electric power problem, marketing facilities, housing, finance and taxation, and police. It has published the lectures and addresses on municipal government which were delivered

before the city authorities, a digest of my survey of Tokyo, a translation of the *National Municipal Review* supplement on special assessments, and several other special studies.

May the new Institute live and prosper! It is certainly a welcome addition to the ever widening circle of institutions devoted to scientific research in public administration.

MUNICIPAL OWNERSHIP IN DETROIT

THE STORY OF THE FIRST YEAR'S OPERATION OF THE STREET RAILWAYS

BY LENT D. UPSON

Director, Detroit Bureau of Governmental Research

Dr. Upson relates the findings of an expert and judicial survey of municipal street railway operation in Detroit. :: :: :: ::

On May 15, 1923, Detroit completed its first year of municipal ownership and operation of a unified street railway system. On this occasion Mayor Frank E. Doremus gave a statement to the press that the system had earned in excess of $1,000,000 during that year. This statement has attracted comment and criticism from two principal sources,—first, organized and unorganized anti-municipal ownership propaganda which deliberately misinterprets the facts presented; second, from conscientious citizens who want to be convinced that municipal operations have been more successful than private.

Municipal operations in Detroit may be judged by two criteria,—financial results and service. It has not been seriously contended that the service under municipal ownership has been worse than under private ownership,—probably it has been better,—and the storm has raged principally about financial results.

THE FINANCIAL RECORD

The municipal street railway system is a unification of 61½ miles of work constructed by the city, and 312 miles purchased from the Detroit United Railways, giving a total milage of 373½. Outstanding against the system are $19,000,000 in thirty year bonds and a $17,000,000 purchase contract that must be liquidated in ten years,—all such debt charges as well as all operating charges and taxes to be paid from earnings. The rate of fare is five cents with one cent for a transfer, giving an average rate of slightly less than five and one-third cents. The real financial issue is whether the department of street railways must earn enough not only to liquidate debt charges in excess of $2,000,000 a year, but also to create a depreciation fund sufficient to maintain the plant at present value. It is very questionable whether at the present rate of fare, the municipal railway can meet both charges completely. If, as is contended by some, municipal ownership, to be a success, must meet both charges, probably the discussion need go no further.

However, there is presumably some argument against this contention. No privately owned utility is required to retire its funded debt from earnings. It is questionable whether any public utility commission would permit a rate

sufficient for such retirement in addition to providing for depreciation. The Detroit charter does not specifically require that both charges shall be met completely. The charter states that sufficient debt, in the discretion of the board of street railway commissioners, shall be retired so that the system be eventually paid for out of earnings. It is only circumstance that nearly one-half of the system must be paid for within ten years. The drawing upon a depreciation fund for money to pay this debt practically results in refunding it over a longer period of years.

The financial statement for 11½ months' operation substantially in the form submitted by the department of street railways, is as follows:

Operating revenues		$19,067,631.30
Deduct:		
Operating expenses	$13,368,796.72	
Taxes, rents, etc.	634,641.15	
Interest	1,795,487.07	
Sinking fund charges	2,238,070.73	18,036,995.67
Net profit carried to surplus		$ 1,030,635.63

A more practical manner of reporting would take a form usual in privately owned utilities:

Operating revenues		$19,067,631.30
Deduct:		
Operating expenses	$13,368,796.72	
Taxes, rents, etc.	634,641.15	
Interest	1,795,487.07	
Depreciation	2,000,000.00	17,798,924.94
Net profits or surplus available for debt retirement or other purposes		$1,268,706.36

In other words, were this a private utility, it would actually have met all of its depreciation charges and other operating expenses including interest, and had a balance of $1,268,000 as profit. The depreciation is an estimate. It may be more than $2,000,000 a year, but it is probably less. This rate is figured at 5 per cent on $40,000,000 for the entire year and on assets of every character. This profit of $1,270,000 is available for the retirement of debt and represents the increased equity of the city in the system. This is certainly a substantial conformance with the charter requirement that the plant be acquired eventually out of earnings. The creation of a depreciation reserve which would actually indicate the lessening value of assets through wear and tear would in no way affect the amount of cash available for the retirement of debt, which requirements are in excess of $2,000,000.

SERVICE STATISTICS

Service is not so easily appraised, being subject to as many *à priori* judgments as there are car riders. In a statistical way, however, it is worth while to note that in May, 1922, there were, 1,530 cars in operation with an average monthly mileage of 3,500,000. One year later, there were 1,616 cars in operation with an average monthly mileage of 4,271,000. The increase in total number of passengers was from

36,700,000 to 41,700,000. Approximately 500 of the city's cars were new, among them being 175 of the Peter Witt type.

Correlative to service is the subject of maintenance. It has been charged that the department of street railways has spent an inadequate sum on the maintenance of way, overhead and equipment. What constitutes adequate maintenance is too disputatious a subject for consideration here. It must be borne in mind, that Detroit purchased so depreciated a system that it was freely predicted that uninterrupted service could not be continued. In June, 1922, one car broke down for every 2,000 car miles operated and trolley breaks totaled nearly 300 for one month, and for an average of five months were never less than 200 per month. In April, 1923, breakdown of cars had been reduced to one for every 5,000 car miles operated and trolley wire breaks reduced to about 90 per month. This latter is the result of stringing 60 new miles of copper and repairing and replacing aboutone-third of the entire system.

Street paving continues in bad repair. The D. U. R. over a period of three years immediately prior to acquisition by Detroit, spent an average of $185,000 a year on paving over an urban and interurban system, totaling 800 miles. In approximately one year, the city of Detroit has spent in excess of $200,000 on an urban system of 373½ miles. It is estimated that the rehabilitation of the city's lines and equipment will cost between $5,000,000 and $6,000,000. Such rehabilitation might properly be charged to capital. Since capital is not available, it must be done from earnings, which means that the criticism of tracks and pavements in bad repair will continue for some years to come. Obviously, the system cannot accomplish a complete rehabilitation in one year. Nor can service be largely improved until some satisfactory plan of re-routing or under-ground dips is established. At present, 18 of the 27 car lines center at the city hall, and during rush hours, 700 cars per hour pass this point. There is a physical limit to the number of cars that can be operated on a given piece of track during a given time, no matter what the demand for service may be.

The Detroit Bureau of Governmental Research has just concluded a study of the finances of the department of street railways for the period of 11½ months that has elapsed since May 15, 1922, the date of the unification of the system. This report endeavors to deal in an unbiased way with the actual financial facts as indicated by the records of the department of street railways. Copies will be sent to any who may be interested, upon request, and such readers may draw their own conclusions as to whether or not municipal ownership in Detroit has been a success.

DETROIT SHOULD SUCCEED

From the writer's point of view, however, there is no particular reason why municipal ownership should not be a success in this instance. The plant was bought at probably only a part of its true value and the outstanding debt against it is presumably very much less than would be the liabilities of a private corporation. The system, at least for the present, is free from politics; has had available a certain amount of capital for improvements; has operated during a year of unusual prosperity and has had competent direction, many of the operating heads having held similar positions with the private corporation. On the other hand, there is no particular reason for

believing that private ownership, under similar conditions, would not have done as well. Unhappily, there is a feeling abroad in the land, that the results of municipal ownership in Detroit are going to affect vividly the municipal ownership of utilities in many municipalities and have a bearing upon the nationalization of steam railroads. In consequence, the critics of governmental ownership have ascribed all sorts of derelictions to the Detroit experiment and the friends of municipal ownership have discovered untold virtues. Success for one year in Detroit does not insure permanent success, or insure similar results for other cities.

The Detroit Bureau of Governmental Research has made just one general conclusion from its examination of the complex financial problem confronting the department of street railways and that is that under the circumstances, creditable progress has been made. Aside from this one conclusion, the bureau has presented only facts, believing with James Madison, "That a popular government without popular information or a means of acquiring it, is but a prologue to a farce or a tragedy.

PENNSYLVANIA REORGANIZES

PINCHOT CODE NOW EFFECTIVE

BY LEONARD P. FOX
Pennsylvania State Chamber of Commerce

One hundred and five independent agencies consolidated in orderly arrangement. :: :: :: :: :: :: :: :: ::

Governor Pinchot's administrative code passed the legislature without radical amendments and became effective on June 15. It compresses 105 independent agencies of state administration, excluding institutional trustees, into 14 code and 3 elective departments, 3 commissions and the state police. The code departments are state and finance, justice, public instruction, military affairs, agriculture, forests and waters, labor and industry, health, highways, welfare, property and supplies, banking, insurance and mines; the elective departments are treasury, auditor general, and internal affairs; the commissions are game, fish, and public service.

Twenty-two independent administrative units are abolished outright by the code and their functions suspended or transferred to other agencies. Eight independent agencies are abolished as such but become administrative bodies in the major departments. Thirty-four independent agencies are bodily transferred to the major departments for purposes of fiscal control. Twenty independent boards and commissions remain undisturbed, among them being certain codifying, investigating and administrative bodies of a temporary character.

Eleven advisory boards and commissions are created in the several departments. Twenty-eight boards of trustees of state institutions are placed in the welfare department and three in the department of public instruction, with the head of the con-

trolling department as an ex-officio member of each board.

The administrative code gives the governor not one big stick, but two, to wield over state departments, viz. fiscal control and direction of their internal reorganization. These provisions effectively centralize current control over all state administration in the governor's hands.

AN EXECUTIVE BOARD ESTABLISHED

The executive board is made the real dictator of internal reorganization in state administrative units. As chairman of the board the governor has appointed to it four other members,—the attorney general, secretary of state and finance, secretary of forests and waters and secretary of highways.

Excluding the elective officers, the heads of the several administrative departments, boards and commissions shall, subject to the executive board, establish such bureaus or divisions in their respective departments, boards or commissions as may be required for the proper conduct of their work. To facilitate this exercise of power the code has abolished practically all statutes fixing the structure of the several agencies of the executive department, or creating offices, or fixing salaries, except in the elective and constitutional departments. The board also standardizes salaries and wages, fixes the working hours of state offices, investigates duplication of work in the several administrative units and the efficiency of their organization and administration, and recommends to the governor plans for better co-ordination of departments, boards and commissions.

The number and compensation of all employes appointed under the code is subject to the approval of the governor.

Unless otherwise provided in the code, departmental administrative bodies, boards and commissions within the several administrative departments shall exercise their power and perform their duties independently of the heads or any officers of the respective administrative departments with which they are connected. But in all matters involving the expenditure of money all such administrative boards and commissions shall be subject and responsible to the administrative departments with which they are connected.

A BUDGET SYSTEM AT LAST

Such pyramiding of fiscal control in the major departments, plus uniform accounting systems installed by the secretary of state and finance and periodic fiscal reports to the governor, paves the way for the governor's budget and his current control of lump sum expenditures authorized by the legislature.

The secretary of state and finance prepares and submits budget estimates in writing to the governor before January first of each odd-numbered year. Within four weeks after the receipt of budget estimates from the secretary of state and finance, the governor is required to submit the budget to the general assembly, embracing therein the amounts recommended by him to be appropriated to departments, boards and commissions of the state government, to institutions within the state and for all other public purposes. He is also required to furnish an estimate of the revenues or receipts from all offices and an estimate of the amount to be raised by taxation.

Each independent department, board and commission, except the elective officials, shall, from time to time as requested by the governor, prepare and submit to him for approval or disapproval an estimate of the amount of money required for each activity or function to be carried on by it during

the ensuing month, quarter or such other period as the governor shall prescribe. If the governor does not approve such estimate, it shall be revised to meet his desires and re-submitted for approval. After approval by the governor no appropriation or part thereof shall be spent except in accord with such estimate, unless it be revised by him.

Each departmental administrative body, board and commission must furnish promptly to the head of the department such information as he may request for the departmental budget estimates or the periodical estimates of the current expenditures of the department.

Lump sum appropriations for supplies and printing are continued, but provision is made for equitable distribution thereof to the several departments in accord with their needs by the executive board.

CENTRAL PURCHASE

A supplementary check on departmental expenditures is afforded by the enlarged purchasing powers of the department of property and supplies, which absorbs the work of the old department of public grounds and buildings and of the department of public printing and binding. This department is required to formulate standard specifications for all articles, materials and supplies used by the administrative departments, boards and commissions and by state institutions, with the express proviso that no specification can be fixed until it shall have been approved by the department, board or commission using the articles. The department of property and supplies is required to purchase all articles necessary for the use of the state government except for the department of health and the highways department; to act as the purchasing agent for any department, board or commission which is authorized to purchase and pay for supplies; and upon request to act as the purchasing agent for state institutions.

To secure economy in public printing, the department of property and supplies shall edit all state publications and determine the number to be printed on the basis of actual need.

With respect to the Pinchot code, Governor Sproul's Reorganization Commission stands as forbears. The code embraces generally the major principles of the Reorganization Commission's recommendations, although in many instances the methods of working out these principles differ; and in some cases the code makes advantageous extensions of the commission's guiding principles.

This code is designed to apply the organization principles of private business to the handling of the state's business; and in the Governor's opinion is necessary if the state departments are to operate in 1923–1925 on a 25 per cent cut in appropriations as compared with 1921.

THE SUPREME COURT AND REPRODUCTION VALUE IN RATE MAKING

BY JOHN BAUER, Ph.D.
Public Utility Consultant, New York City

The recent decision of the supreme court has been erroneously interpreted as adopting reproduction cost as the sole basis of valuation.

THE recent decision of the supreme court of the United States on valuation of public utility properties (*South Western Bell Telephone Company* vs. *Public Service Commission of Missouri*, decided May 21, 1923), has received much hasty and unjustified interpretation. It was recognized almost generally by the press, by public utility interests, also by public officials, as acknowledging the right of public utility companies to have their return based upon the reproduction costs of their properties instead of actual investment, as urged by most of the public utility commissions and public officials.

REPRODUCTION COST NOT THE SOLE BASIS

This view, however, is hardly warranted by the actual decision or by the majority opinion of the court. The fundamental question at issue has probably been affected very little. Far back in 1897 the supreme court, in the famous case of *Smyth* vs. *Ames* (169 U. S. 466), declared that in fixing rates the public authorities must allow a fair return on the "fair value" of the property used in public service. In amplifying the idea of "fair value," the court stated that

> . . . the original cost of construction, the amount expended in permanent improvements, the amount and market value of its [company's] bonds and stocks, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. . . .

The indefiniteness of "fair value" as thus presented has been the basic difficulty of rate regulation. It has caused untold litigation, expense and cross purposes between companies and the public, and to a large extent has defeated the very purpose of regulation. The difficulty, of course, is that the presumed definition does not define. If all the factors enumerated must be taken into consideration, what weight must be given to each? Until the basis of return is definitely determined, showing exactly what the companies are entitled to receive and what the public is obligated to pay, the rule of "fair return on fair value" will serve only to confuse and to incite to litigation.

The commissions and public authorities have held mostly that the return should be based on actual investment; that this is fair value. The companies, however, because of the almost steadily rising prices since the date of *Smyth* vs. *Ames*, have urged that the reproduction cost of the properties is the fair value intended by the court. But in all the cases before the court since 1897 no more precise standard has been laid down than that prescribed in

Smyth vs. *Ames*. And only slightly, if any, greater precision has been added in the recent *Southwestern Bell* decision.

THE CASE AT ISSUE

This case involved the validity of telephone rates fixed by the Missouri public service commission. The court declared the rates confiscatory as not bringing a fair return to the company. The majority opinion reviewed the commission's findings, which had based the rates on an actual investment of $20,400,000. It pointed out that a large proportion of the property had been installed prior to the war; that no allowance had been made by the commission for reproduction cost, and that in view of the higher level of future prices, it considered the company entitled to a return on $25,000,000;—an increase of 22½ per cent over the actual investment as determined by the commission.

The language of the majority opinion at most signifies only that *some weight* must be given to the reproduction cost element; if reproduction cost exceeds actual investment, the fact cannot be disregarded; an increment must be added to the actual investment in the determination of fair value. But the court does not say that full reproduction cost must be allowed as against investment. Nor does it state what relative weight must be given to the two factors. It does not explain how it reached the particular 22½ per cent increment, when the reproduction cost was probably more nearly 100 per cent above the actual investment.

Nor did the court determine conclusively that some specific weight must be given to reproduction cost. A significant fact is that Judge Brandeis, in the minority opinion joined in by Judge Holmes, concurs in the actual decision that the rates are confiscatory. But while the majority opinion believes that the proper valuation should have been $25,000,000 instead of the actual investment of $20,400,000 fixed by the commission, Judge Brandeis considers the rates confiscatory because they did not bring a fair return on the actual investment. But the decision itself was *unanimous*; the rates are confiscatory. What, then, is the significance of the two opinions other than the decision? Is either opinion on the general matter of valuation, anything more than *dictum*, which would not necessarily control in another case?

The question is whether more was actually decided than that the particular rates are confiscatory. It is not at all clear that the rates would have been declared invalid if they had brought a fair return upon actual investment, but not upon a substantial allowance for higher reproduction cost. Undoubtedly the majority of the court is favorably disposed to the idea that some increment should be added to investment because of higher price level, but is it decided law that such addition must be allowed in determining whether particular rates are confiscatory? In other words, might the court not sustain particular rates which bring (say) a 7 per cent return on actual investment, but will not sustain a higher valuation with a substantial allowance for reproduction cost?

THE CONFUSION IN VALUATION

In the opinion of the writer, the confusion on valuation is due much less to court decisions than to the lack of clear legislative policy in rate regulation. If ten or fifteen years ago, when active regulation was begun and before the higher price level was a serious factor, clear and definite methods of public rate making had been adopted, the valuation chaos would have been avoided and regulation would probably have been reasonably effective.

For the future, there is no real hope for effective regulation until the legislatures and the commissions provide a comprehensive policy and a workable machinery for regulation. This must be based upon definite figures on which the investors will have a right to a return and which the public must pay, as shown by exact accounting.

For such a permanent program of regulation the actual investment appears not only as the fair basis for existing properties, but it must be used for subsequent additions and improvements. Judge Brandeis' opinion in the *Southwestern Bell* case furnishes a clear and brilliant presentation of this view. Effective rate regulation is all but impossible under a fluctuating basis of return, such as reproduction cost of the properties, whose determination would depend at any time upon estimates affecting with personal interest.

A WAY OUT

If the legislature provided directly for such a definite policy and machinery for rate regulation, there is no doubt that future additions and improvements could be limited to a return on actual investment. There is reason to believe, moreover, that in connection with a comprehensive policy, the court would sustain also the initial valuation of existing properties on the basis of actual investment.

But even if some increment for greater reproduction cost must be allowed in establishing a comprehensive policy, this could be limited so as not to create a prohibitive burden upon the public. An adjustment, for example, might be restricted to the part of the investment represented by capital stock. Since the bondholders in any event are limited to a definite return in dollars, there is no reason for allowing an increment to their investment, for they would get no benefit from the adjustment. If the entire investment were fully brought up to reproduction cost, the stockholders would get the benefit of adjustment for higher price level, not only on their own direct investment but also on the bondholders'. But no scheme with such results can be seriously urged upon equitable grounds. Adjustment, therefore, should be limited, in any event, to stockholders' investment.

If this view were accepted by public authorities, allowing an adjustment for higher prices on stockholders' investment but not on bondholders', there would be no serious public burden if for the purposes of a permanent rate base the valuation of existing properties were to such extent based on reproduction cost. Such an increment could be fairly justified. In most cases, however, the bulk of the investment is bondholders'; the stockholders' seldom exceeds 25 per cent of the total. An adjustment on this relatively small element of the total investment would not be burdensome, and the public could well afford to pay the slight additional return for the sake of definiteness of rate regulation for the future.

To illustrate, assume that the actual investment in a given case is $1,000,000, contributed 75 per cent by bondholders and 25 per cent by stockholders. Assume that on broad equitable grounds we agree to an adjustment in the stockholders' investment because of a present 60 per cent higher price level than when the investment was made. This amounts to an increment of 60 per cent on 25 per cent; only 15 per cent on the total investment. With this increase, the company would receive a return on $1,150,000 instead of $1,000,000 actual investment.

Such an adjustment for higher price level would manifestly not be burdensome to consumers, would treat the

investors fairly in face of the greatly increased price level, and would undoubtedly be approved by the supreme court even under the *Southwestern Bell* decision. If the existing properties were appraised on this basis and the results taken as a permanent rate base, to be increased only with future net additional investment, everybody would be treated fairly, and regulation would cease to be clogged by litigation. The reciprocal rights and duties of the investors and the public would be maintained by exact accounting, no longer affected by vague phrases, rhetoric and prejudiced opinion.

CITY MANAGER AND P. R. CHARTER SUSTAINED IN BOULDER

A TALE OF AN EXTRAORDINARY CAMPAIGN

BY WALTER J. MILLARD

The author took part in the campaign and had full opportunity to study the strange forces involved. :: :: :: :: :: ::

An attempt to overthrow the city manager plan in Boulder, Colorado, which culminated in a referendum on April 10, was one of more than usual intensity although it was defeated by an overwhelming vote. More people voted on the question than had ever voted at a Boulder election before, and by 2,730 to 1,340 the amendments, which would have given the city once more a mayor and council type of city government, were defeated. This endorsement of the present charter was fifty votes in excess of two to one, and it is noteworthy that every one of the four voting places helped swell the majority.

Boulder not only has a city manager but is unique in being the first American city to put in the Hare system as an integral part of the charter adopted in 1917. Ashtabula, Ohio, used the Hare system before Boulder did, but Ashtabula adopted it as an amendment, through the use of the initiative and referendum, to a charter already adopted but not yet in operation. Boulder did not adopt the Hare system, however, in a manner that received the thorough endorsement of the officers of the Proportional Representation League.

Boulder has a city council of nine members elected in sets of three every two years, each set having a six year term. Inquiry among members of the commission which framed the charter disclosed that the reason for this arrangement was to ensure continuity of experience in the council. While it of course produces this result, it has the disadvantage of leaving 25 per cent of the voters without representation. The very appearance of a movement for a virtual abandonment of the charter shows that it is dangerous to leave such a large percentage voiceless in the city council.

NEW CHANGES PROPOSED WITH FAR-REACHING EFFECTS

It was at first supposed by the officers of the P. R. League that only the Hare system was the object of attack but when the writer reached Boulder it was found that the proposed amend-

ment would have abolished the manager plan as well. In October, 1922, a petition, with signatures in excess of 5 per cent, had been presented to the city council seeking to amend the charter and providing for a separate vote on each item. The city attorney ruled that such a petition would have to be voted upon, because of the terms of the Colorado initiative and referendum law, at the election to be held November, 1923. Thereupon the petitioners got out another petition in which the various changes were submitted as one amendment and got 10 per cent of the voters to sign it. This necessitated the special election of April 10.

Some of the proposals in the amendment were a council of eight, two elected from each of four wards, and a mayor elected at large by plurality vote. Whether a manager would be appointed or not was made optional with the council, and a list of the duties of such a manager was made out, the first of which was "to assist the mayor." If no manager was employed, the mayor was to perform the function of manager. To cap the climax the amendment proposed that all heads of departments were to be appointed by the council. The attitude of those that drafted the proposal toward what they conceive to be the proper function of government can best be judged by the two proposals that follow. At present a certain percentage of the tax receipts must be set aside for park purposes and for municipal band concerts; such expenditures would have been made optional by the amendment. At present a paving district is created on the petition of 51 per cent of the abutting property owners and the paving must be of the type they specify. The amendment provided a very long and costly legislative and legal process if a handful of property owners were opposed to the improvement.

The whole document bristled with the two allied theories of government, first, that democracy consists in electing everybody and, second, that that government is best which performs the least number of social services. When one penetrated the smoke-screen of charges of graft, corruption, juggled books and czarism hurled against the administration of Scott Mitchell, the city manager, it was easy to see that paving districts were after all, to those who wrote it, the most important part of the amendment.

BOULDER'S ENVIRONMENT

Boulder is a city of eleven thousand people nestling against the foothills of the Rockies, an hour's ride north of Denver, at the mouth of picturesque Boulder Cañon. About three thousand of that population is made up of the faculty and student body of the University of Colorado. It commenced its existence about sixty years ago as a gold-camp, but while the world's largest tungsten bearing area lies just west in the mountains, mining is no longer its economic basis. The splendid climate has attracted a large number of health seekers and retired agriculturists. Every summer the summer schools, held at the University and Chautauqua grounds are attracting more and more of the tremendous army of automobile tourists that visit Colorado, and a few of these remain. There thus is created two opposing interests. One wants well-paved streets, municipal music, parks, and all forms of social service. In this group are found the business men, the educators, and those who cater to the tourist trade, and the younger element. The other interest while it usually does not publicly admit that it does not want such things, nevertheless opposes each particular item of civic betterment. In this group are the retired agriculturalist

who when it rained on the farm stayed indoors and cannot now see why he should pay for gutters and storm sewers; the health-seeker with a slender income to whom each dollar of taxes is a big item, and finally the real estate speculator who bought for a rise that is slow in coming, some of whom even borrowed money to pay for the lost. Then in order to stir things into action there was found to be the rival groups of paving material people. Boulder has put in practically one kind of paving and the writer was told on excellent authority that after he publicly entered the campaign, telegrams went out to find out if in any way he was connected with those who furnish that particular paving material. The city has one-seventh as much paving as Denver though only one-twentieth of that city's population.

The proposers of the amendment paid little attention to its advocacy, but charged that the water-works finances were juggled, that items were charged to paving districts that should have been debited to the general fund, and generally charged extravagance and corruption by the "paving ring."

The "Charter Defenders," as the organization which defended the charter called itself, were forced in an odd way to see the wisdom of Samuel Butler who in "The Way of All Flesh" says "No man can be considered educated unless he understands the principles of double entry bookkeeping." At every meeting, the charter defenders, and the city auditor, Henry M. Sayre, gave what amounted to blackboard demonstrations in modern bookkeeping. Former and present city councilmen and councilwomen (Boulder has two women on the council) explained nightly the real foundation of rumors that had been growing for two or three years. When the writer first reached the city, the advice given was not to attempt to explain the Hare system because, it was said, many friends of the charter thought it a handicap because it was so complicated. However, better counsel prevailed and a mock election was held at each meeting and hundreds, when they once had the whole counting method explained, were heartily for it.

THE RESTLESS POPULATION

The experience gained at these public meetings revealed a situation confronting city government, more serious in the west than in the east. This situation is the constant and rapid flux of populations. The editor of the *Daily Camera* of Boulder, J. E. Paddock, estimates that there are more people living in southern California who *have* lived in Boulder, than *now* live in Boulder. A tour of the cities of Colorado which the writer made shows that such a changing population is a usual thing. Therefore a very great need arises to acquaint the newcomer with the principles of the city government and explain its activities. But these western cities are relatively poor; that is to say, there are no men with a financial surplus to devote to civic leagues and municipal research. The two daily newspapers in Boulder are friendly to the city government and during the campaign even the usual "locals" were cut down to make room for space for arguments for the charter, but they would usually regard an article on irrigation ditches better material than an exposition of the principles of the city charter.

CAMPAIGN HIGHLY EDUCATIONAL

Though it was a relatively costly and unpleasant process because of the personalities involved, yet, it must be said, the campaign for the retention of the charter gave a majority of the citizens of Boulder their first real

knowledge of how the city government operated. Though some of them had not been residents long enough to generate much civic pride the result shows that when they understood the document they were glad to endorse it.

WRATH POURED ON MANAGER FOR POLICIES BEYOND HIS CONTROL

At the time the Boulder charter was being attacked, a similar fight occurred in Durango, Colorado, and the charter there too was sustained. Conversation with the city manager of Durango revealed the same general causes as at Boulder,—objection to improvements and underground rumors together with another cause not yet mentioned. In Grand Junction, Colorado, the writer found recently that a petition to recall the manager was in circulation. And here the reason was the same; namely, a tendency for the opponents of a civic policy to blame personally the manager for carrying out that policy, instead of visiting their wrath upon the council that voted for and is responsible for it. Manager Eichelberger of Dayton says that this trouble has practically disappeared there now, but it is certain that in each of the three Colorado cities named such discrimination does not yet exist widely.

What the individual city administrations of Colorado cannot do for themselves will, it is pleasant to record, shortly be done for them, if they desire, by the extension department of the University of Colorado. Dr. Don C. Sowers, formerly of Akron, has recently assumed charge of the Bureau of Business and Governmental Research and has organized a Colorado Municipal League. This was formed at a conference of municipal officials of Colorado held in April at Boulder.

The Boulder experience shows that even at the cost of lowering the rate of material improvements, it would probably be better to have minorities represented on the council in a more real way than the limited use of the Hare system there now permits. But a better acquaintance with the principles and details of the city government must also be provided, especially with a fluid population. Dr. Sower's work will be very useful in this regard, but personal visits of the council or even official meetings in the neighborhood schoolhouses might bring about the closer personal relations needed. Prof. Ira De Long, who as chairman of the charter commission planned the charter along the lines of the League's Model Charter and who worked indefatigably to retain it, now believes that when a revision of it is undertaken by its friends he will urge a more liberal use of the Hare system, such as election of the nine councilmen at once for a two year term, or twelve councilmen, in two sets of six with four year terms. To impress people continually with the simplicity of the Hare count he will urge that the counting be done by the graduating class of the high school.

These recommendations do not touch the disappointed paving material man and how to prevent him from being tempted to burn down the hut to taste roast pig, but Manager Wilson of Colorado Springs has answered it with a city-owned construction and repair plant. But that is another story.

OUR LEGISLATIVE MILLS[1]

II. OREGON

BY ELBERT BEDE

Editor, Cottage Grove Sentinal and Reading Clerk of the Oregon House

A Democratic governor and a Republican Legislature get along very well together—the farm bloc. :: :: :: :: :: ::

THE Oregon legislative assembly is composed of ninety members, thirty in the senate and sixty in the house.

Because of the fact that the compensation is but three dollars the day the membership is made up largely of men, such as lawyers, to whom the honor and publicity becomes a business asset, of men who are financially able to serve at an actual monetary loss, and a few others who are willing to serve, although they cannot afford to do so, because of a high regard for their duties as citizens or for the personal gratification of being members. Be it said, however, that the personnel of Oregon legislatures of recent years has been of a high order. There have been, of course, a few so-called freaks, a few radicals and a few who seemed to lack the intelligence to make good legislators—but these have been few. I have known none, or almost none, in recent years who would be susceptible to bribery however cunningly suggested.

In contrast to these, some of the most intelligent men of the state have been members and have given liberally of their time and energy. In recent years, particularly in the house, there has been a decline in the number of lawyers and an increase in the number of farmers. The membership of the most recent session, by occupations and professions was as follows: Farmers, 27; lawyers, 24; bankers, 8; auto dealers, 4; insurance men, 3; real estate, 3; capitalists, 3; merchants, 6; newspaper men, 3; miscellaneous, 9.

The members of the Oregon legislature are as freely criticized as are the legislators of any other state, yet the fact remains that they are the average men from a large number of average communities of the state. They were elected by their neighbors who know them best and at the legislature they are the same kind of men that they are at home—acting much the same as would those at home who criticize. The sins of the legislators are the sins of the people who sent them there, and Oregon has been peculiarly fortunate in recent years in getting a high class of membership despite the unjust criticism offered by those who have never been present at a legislative assembly and who usually could not themselves do so well.

In school education Oregon legislators probably are lacking. I have no data to guide me, but my guess would be that not over a third of the present membership are college graduates and many not high school graduates, but they have been schooled in a way that makes men with practical ideas—men accustomed to hard work, to overcoming difficulties, to being alert for something likely to be put over on them.

In education and prominence as citizens of the state, the senate mem-

[1] This is the second in our series of articles on state legislatures.

bership leads. A number of the prominent lawyers of the state are senate members.

SENATE MORE EXPERIENCED

In the senate, where members hold office for four years, the terms have been so arranged that half of the members hold over. A number have gone to the senate from the house and there is a greater tendency to return to the senate than to the house. Only eight of the thirty senators of the most recent session had not had previous experience and eleven had served as much as eight or ten years.

In the house, of the membership of sixty, twenty-two or more had had previous experience and a dozen or more had served from six to ten years.

Usually the senate is looked upon as the steadying body of a legislative assembly, but my observation of recent years has been that the greater amount of horseplay has been in the upper body. This was particularly true of the most recent session, when one member was permitted to devote two hours to a denunciation of a fellow member, a member so high in the esteem of his colleagues that he was elected to the presidency.

ORGANIZATION OF THE HOUSES

At the recent session the speakership of the house was settled two months before the body convened. In the upper body the presidency was not decided until Senator Eddy, one of the candidates, who had been delayed three days on the way by floods, arrived several hours after that body had convened. Jay H. Upton, who claimed one vote more than a majority, was elected by that number. Had Senator Eddy been willing to do some trading the result might have been different, or had he been less aggressive and more solicitous for the feelings of those he opposed in debate in previous sessions he might have been given the opportunity to handle the gavel. While I do not know it to be the case, it is hardly possible that committee positions were not a consideration in the outcome.

That certainly was the case in the house, as was easily apparent to any who cared to study the committee chairmanships and membership. A number of men eminently qualified for important positions were slighted and the value of their experience, of their counsel and their ability was largely lost. This was the only weak point in Speaker Kubli's organization. He made a splendid presiding officer and at all times had control of the body, while treating all with fairness and consideration. The same may be said of President Upton. Never have the two bodies had better presiding officers.

The desk clerks of the two houses, upon whom depends to a large extent the orderly progress of legislation, fully as much, if not more, than upon the presiding officers, were those who had filled the same positions for a number of terms and had proved their fitness for the positions to which they were elected.

CLERICAL HELP—SOME DEADWOOD

As a rule the chief clerks of the several committees were appointed because of their qualifications for the positions, but the inefficiency of many of the minor clerks and of many of the stenographers was something of a scandal, though not more so, possibly not so much so, as in previous sessions. The inefficient ones got their positions because of acquaintance with some committee chairman, because of pleas that they needed the money, because of most any plea except that of ability to serve. Attempts to hire all clerks upon an efficiency basis have been

made at several sessions, but have proved unsuccessful. Probably $50,000 was wasted at the recent session because of this kind of deadwood on the pay-roll—a small amount, 'tis true, when spread over the state, but in no way can the extravagance be justified. Members who are giving their own time for forty days at a pittance, who have big matters before them night and day, who can little more than get organized before it is time to adjourn, have little time to weed out the inefficiency of petty employes with whom they do not come in contact. In the case of new members, they do not know how to act to do away with this kind of an abuse until the inefficient ones are on the pay-roll, and then it seems too late.

COMMITTEES

Because of the limited membership, particularly in the senate, many members must serve on numerous committees. A chairmanship of one committee means that little attention can be given to the work of others. The session is so limited that all committees must keep busy, and it often happens that a member will find several of his committees in session at one and the same time.

As a rule the members were industrious in committee work. Many committees worked until midnight nearly every night of the entire session. This was particularly true of the joint ways and means committee, which pared three-quarters of a million from the budget estimate which already was nearly three-quarters of a million below that of two years before. The committees gave serious consideration to all matters that came before them and their advice upon legislation was generally followed. It was said that the labor and industries committee of the senate made no reports during the session except unanimous ones and that in every instance its advice was adopted. This was a most remarkable record, due largely to the efforts of Chairman Magladry.

The ways and means committee was fearfully and wonderfully made. Because of the fact that never before had tax reduction been so paramount an issue, five so-called hard-boiled senators —one of them named chairman—were among the seven from the upper house. Three of these were more hard-boiled than the others and persistently voted "No" upon every appropriation without rhyme or reason. Had the three had their way there would have been no appropriations for educational institutions; every state officer would have been reduced to a salary of not over $150 a month, professors in our colleges would have been paid less than second-class mechanics, and the presidents of these institutions would have been reduced to the condition of the owner of a cross-roads grocery. The fact of the matter probably was that these three, or these five, knew that the remainder of the fourteen would save the state from destruction and that they would make their record and get their publicity as watchdogs of the treasury without danger of anything serious happening.

Great credit is due the other high-minded members of this committee who held their heads, who performed their duty as they honestly saw it regardless of unjust criticism. Without an exception the recommendations of this committee were adopted by the assembly.

LEADERSHIP

It was common talk at the last session that those in the house who became leaders because of the force of their oratory were few. Outstanding leaders for any reason were not numerous.

In the senate, oratorical leaders were greater in number despite the fact that the membership is only half that of the house. In the upper body at least 20 of the 30 unquestionably considered themselves leaders of some kind, and they were not far from the truth. In the house not over a dozen stood out as such.

Leadership was somewhat restricted on account of alignments brought about by unusual conditions. Prominent among these alignments was the so-called farm bloc, members of which agreed to vote as a unit upon appropriation bills. Membership was not made public, but those rated as the most influential in the organization were those who had almost nothing to say on the floor. The spokesman for this organization in the house probably would not have been picked as a legislative leader for any other reason.

The influence of the Federation of Patriotic Societies brought about yet another alignment. Speaker Kubli was the candidate of this organization and only one of the eleven members of the house from Multnomah county did not have the pre-election backing of this organization. Leaders in putting over the legislative program of this organization might not otherwise have been considered in the leadership class. This organization should not be confused with the Ku Klux Klan. It was in existence years before the klan came to Oregon. While the two organizations have in the past pooled their interests, it is understood that they now are at loggerheads and that leaders of the federation are predicting that the klan will no longer greatly influence things political in Oregon.

Whatever leadership there was, was clean. No organization steam roller ruthlessly ironed out the hopes of budding legislators. Caucuses to lay out a program of action upon any legislation were few and were confined almost entirely to the membership of the farm bloc.

THE GOVERNOR'S INFLUENCE UPON LEGISLATION

While the governor was a Democrat and the legislature strongly Republican, no chief executive ever had a body more ready to do his bidding. Had he taken a firm stand for a certain program and had he insisted that it be put over, he would have made a record that would have been hard to equal.

The Democrats, of which there were a greater number than ever before, were with him to a man. The Republicans in large number were in harmony with the administration program for tax reduction and had been elected upon pre-election promises to reduce taxation. Many of them felt that the tax reduction program was likely to be carried too far, that efforts in this direction would greatly hamper state activities, but they felt also that the people would not be satisfied with anything short of drastic reductions. They were glad to have the opportunity of letting the opposition take the responsibility.

The governor had given the people to understand that he would bring about a reduction of 50 per cent in taxes. Those members who knew this could not be done realized that any opposition to the administration tax reduction program would be used as the excuse for a failure of the promised reduction. They knew that they could give the administration everything that it could possibly ask and then the reduction could not amount to more than 10 per cent of the state taxes alone, while the people could be depended upon to keep up all local taxes, where the real tax reduction must come if any is to come. Giving the administration everything it asked

was a neat way of letting it put itself in the hole, the wise ones figured.

Governor Pierce's inaugural address was a forceful state document and focused the attention of the legislators upon the business for which they had come together—the reduction and redistribution of taxation. After delivering this address, the governor retired to his office and left the legislators to carry his ideas to fruition without advice from him.

TAX BILLS

The income tax was named as paramount. A half dozen or more such bills were introduced and during their tempestuous voyage upon the sea of legislation each author assured the legislature that his bill was the one the administration wanted. The same was true in connection with a half dozen consolidation bills. The income tax finally weathered the storm, but consolidation went by the board largely because the administration would not say which of the many features of the many bills would be satisfactory, or at one time or another endorsed all the features of all the bills and finally failed to get any one of them because the members thought the governor had found that he was mistaken about wanting any at all. The same thing happened to the proposed severence tax upon timber.

A number of minor taxation bills suggested by the governor passed both houses. Indicative of the difficulty the two houses had in sensing the wishes of the administration, two bills asked in the governor's inaugural address were later vetoed. Incidently the governor vetoed some thirty pieces of legislation, which probably will stand as a record.

The governor is a farmer, a wealthy one and a whole-souled, likeable fellow, but he didn't have the knack of getting things across with an assembly ready to do his bidding. Following the session he remarked that "The boys were pretty good to me," probably indicating that he was not greatly concerned by the defeat of some proposed laws which he once suggested as absolutely necessary to the success of his program.

RELATIONS BETWEEN THE TWO HOUSES

The relations between the two houses did not become strained but once. That was during the closing days, when the upper body played football with the consolidation program and finally passed the buck to the lower house. Some unkind remarks were made in the lower house concerning the actions of the upper body, which was characterized as acting like schoolkids.

THE LOBBY

The lobby at the recent session was a most complete one. Many and divers interests were involved in legislation and were well represented.

State officers, attacked in salary reduction bills, were frequently present. The state highway commission had its attorney there a great deal of the time in the interest of highway legislation. The oleomargarine and dairy interests were well represented. The patriotic societies and the Klan maintained lobbies throughout the session, as did also the Grange and the farm bureau. Others represented during a large part of the session were the American Legion, the educational institutions, the state editorial association, the fishing interests, the bar association, the women's clubs of the state, the irrigation interests, the Southern Pacific and Union Pacific railways, Spanish-American veterans, World War veterans, the jitney interests, the motor truck association, the prohibition interests,

the logging and milling interests, the Four-L organization, school-teachers of the state, ice-cream interests, live-stock interests, state contractors, and a dozen or two other interests. Some were there to aid in legislation, others to block proposed legislation. As a rule the lobbyist was a congenial person attending to business in an honest way. Because of the brevity of the session, the lobbyist is a great aid to legislation. Being familiar with the proposed legislation in which he is interested, he can explain in a few words what a legislator might spend hours in digging out for himself, and quite generally he received kindly consideration at the hands of the legislators.

LOGROLLING

Logrolling is no longer the evil it once was. I heard one legislator remark that he saw almost none of it during the recent session. There was some, however. There could not well be a session without it. Legislating is a game of give and take as much as any other activity of life. I do not believe any pernicious piece of legislation could have been put over by this method, but I have no doubt that many minor pieces were helped along by a trading of votes and in a case where the vote was close it is possible that some important pieces were affected by reciprocal back-scratching. However, the day when a meritorious piece of legislation must depend upon logrolling seems to have passed.

LEGISLATIVE OUTPUT

The major pieces of legislation considered at the recent assembly became so because of conditions peculiar to Oregon and peculiar to the particular period.

Income tax, consolidation, severance tax and a dozen or more bills to redistribute taxation were the direct result of what seemed a direct promise by the administration that taxes would be cut in two.

Anti-sectarian legislation, anti-Jap legislation, anti-alien legislation were the result of conditions peculiar to a state which has voted to do away with parochial and private schools for children up to the eighth grade.

Bills introduced numbered 644; those acted upon favorably numbered 295. A few of those enacted were of paramount importance to the state. The larger number were of vital importance to some portion or some particular interest of the state.

The number of bills introduced and acted upon favorably is quite in contrast to the number introduced and enacted at past sessions. The number introduced at one session numbered 1,500. Legislators formerly felt that they made their records by introducing bills and enacting laws. In those days they welcomed the opportunity to introduce a bill for someone. Many members of the recent session tried to make the record of introducing none.

Taken as a whole the legislation of the recent session was of a high order. Nothing vicious was put over, unless the income tax and anti-oleo bills be so considered, and these will go to the people through the referendum, which has been invoked. The members were there for a serious purpose. They endeavored to do their duty to the best of their ability. Taken as a whole they have right to be proud of the record they made.

THE MARCH OF PROGRESS IN NORTH CAROLINA

BY CARL K. HILL

The story of one state's accomplishments in government, education and well-being. The Review hopes to follow it with similar accounts from other states. :: :: :: :: :: :: :: ::

THE South is the Rip Van Winkle of modern reality; but like Irving's immortal figure, she has awakened also. Her eyes may still be heavy with sleep, but they are at least opened. A few yawns and some stretching of cramped muscles may be observed here and there, but the South is really looking around the corner. And no southern state has seen further nor looked with clearer vision than North Carolina.

NO STATE PROPERTY TAX

No subject is closer to the heart of every citizen than that of taxes, and the problem is paramount to all others in state government. North Carolina is unique in that she is the only southern state that does not levy a direct or property tax for any state purposes whatsoever, deriving her entire operating revenue from the income tax.

Prior to the enactment of the existing income tax law, the state received its share of the *ad valorem* tax levied by the counties, amounting to 47⅔ cents on each $100 of assessed valuation. Of this tax 11⅔ cents was levied for state administrative purposes, 4 cents for pensions and 32 cents for public schools. In 1919, under the revaluation act passed in that year, all property was re-assessed. As a result of the revaluation, the total tax value of property within the state was increased from $1,099,000,000 to over $3,000,000,000, and the state tax rate cut from 47⅔ cents to 13 cents on the $100 valuation, all of which went to the public schools.

In 1921, the state property tax was abolished entirely, being replaced by a graduated tax up to 3 per cent on incomes of both corporations and individuals. This tax applies to inheritances, incomes, franchises, insurance premiums and various license fees. With the exception of a few departments which operate on their own income, the funds collected from these sources are sufficient to pay the entire cost of state administration including its institutional and educational activities, and in addition, are sufficient to allow an appropriation by the general assembly of $1,000,000, which is used as an equalizing fund distributed among the weaker counties in support of their public schools, and an appropriation of $1,000,000 for pensions. Thus the state operates on taxes collected from productive sources, and not from taxes on property which in many instances is decidedly unproductive. The counties still levy a local tax on real and personal property and a two dollar poll tax, but they cannot levy any taxes on incomes.

The present system, supervised by a commissioner of revenue in lieu of the former tax commission, has now been in operation two years. The state budget, not including capital outlays, has in-

creased from $14,000,000 to approximately $20,000,000, yet it is safe to assume that the direct tax is gone forever. The wisdom of the income tax in North Carolina has been demonstrated.

5,500 MILES OF HARD SURFACED ROADS

Perhaps the most striking instance of North Carolina's leadership is in the construction of highways. While other states were pondering the subject, and here and there legislatures were appropriating a few millions for good roads, North Carolina in 1921, under the leadership of its present governor, Cameron Morrison, calmly authorized a $50,000,000 bond issue for the construction and maintenance of 5,500 miles of hard surfaced roads to be completed in five years. And because this was found inadequate to carry out the program, an additional bond issue of $15,000,000 was authorized by the general assembly recently adjourned. Sixty-five million dollars for good roads! This is indeed a goal for her sister states, and might well be emulated by some of her northern cousins. Within a few months it will be possible to go on roller skates from Murphy, the furthermost western county seat, to Beaufort in the east, a distance of five hundred and sixty-five miles. And this is only one of a dozen through routes, not to mention the innumerable intersecting routes.

An important feature of this program is shown in the fact that the roads are maintained, interest on bond issues paid, sinking fund set up and the department operated entirely from receipts derived from a three-cent gasoline tax and the automobile license fees. In other words, these new roads are being paid for by those who use them most, namely, owners of motor vehicles. To the great mass of people, the building of the present system of state highways is costing nothing, and no tax in any form is imposed upon them.

The chief highway engineer, a man imported from another state, receives the highest salary of any state official, not excepting the governor. It is also of interest to note that the highway commission, under whose supervision the work is carried on, furnishes all cement used by the local contractors. One month's purchases alone total 300,000 barrels. Through buying this essential commodity in big lots, the state has undoubtedly saved thousands of dollars.

6,805 NEW SCHOOLHOUSES

In the field of public education, the progress of North Carolina has been no less marked. Six thousand eight hundred and five new schoolhouses have been built since 1900, and the value of school property has increased since that time from $1,097,000, to nearly $25,000,000, while the average value of each schoolhouse has jumped from $158 to $3,009.

North Carolina is now spending on public schools over $20,000,000 annually, as against only $6,000,000 ten years ago, a sum in excess of the public school expenditures of the entire South in 1880.

It is significant that the appropriation made to the deparment of education is steadily increasing each year. The appropriation by the general assembly for 1923 is $1,928,000, as against $1,400,000 in 1922, an increase of a half million dollars or 38 per cent.

$16,000,000 FOR WELFARE AND EDUCATION

Within the last six years, over $16,000,000 have been spent or authorized for the permanent improvement and enlargement of the 26 welfare and educational institutions of the state. Two

new training schools for white and negro boys, respectively, were created at the last two sessions of the general assembly and initial appropriations made. All of which means that the state is looking ahead and does not propose to disregard nor neglect the ever-increasing problem of social welfare and education.

Marked evidence of the state's generosity is shown in the increases made to the State University. In 1922, the appropriation for maintenance was $445,000, in 1923, $650,000, and for 1924 an appropriation of $725,000 has been made.

STATE COTTON WAREHOUSE SYSTEM—CO-OPERATIVE MARKETING AND RURAL CREDIT UNIONS

One of the new and important phases of agricultural progress in North Carolina is the operation of a state cotton warehouse system as provided under a law passed in 1919. The purpose of this law is to stabilize, encourage and develop the cotton industry through state aid and supervision. Under the terms of this law, the state loans money to various associations for the erection of warehouses in cotton centers and markets, which are operated under rules and regulations promulgated by the state warehouse superintendent. The farmer brings his cotton to these warehouses and there has it classified, graded and stored, receiving for the same a negotiable receipt. Due to rigorous state supervision, the insurance rates are about 35 per cent lower than those normally charged, and the benefit of this reduction is passed on to the farmer or cotton grower. At the present time there are 78 warehouses with a total capacity of about 212,000 bales operating under the state system.

The fund from which loans are made was created through the levy of a tax of 25 cents on each bale of cotton ginned in the state. Ninety per cent of the total receipts from this source are invested in first mortgages up to fifty per cent on a ten year basis to aid and encourage the establishment of warehouses operating under this system. This tax was abolished on June 30, 1922; nevertheless, the fund at the present time approximates $500,000.

North Carolina also has an excellent co-operative marketing law, by means of which the department of agriculture has been a real factor in forming and developing co-operative marketing associations. Such associations have been organized to market cotton, tobacco, peanuts, sweet potatoes, cantaloupes, strawberries and general trucking. This law not only furnishes protection to the members of the several associations, but enables them to pool and ship their crops or products under the most economical and advantageous method.

Another interesting development is the formation and operation of rural credit unions organized under the rural credits law and supervised by the department. At the present time there are 29 credit unions in the state, operating in 15 counties. Of the entire number, 14 are organized among white farmers and 15 among colored farmers. The chief purpose of the credit unions among the latter is to facilitate bank loans for moving crops and the co-operative purchase of farm supplies and equipment. The credit unions among the white farmers are conducted more along the lines of a co-operative bank than a co-operative purchasing society. These unions receive deposits from their members, and some are thereby able to create sufficient capital to meet all of their needs. Loans are made to members either from their own funds or through the local banks.

CENTRAL ACCOUNTING SYSTEM

In 1921, the general assembly passed "An act to authorize and direct the state auditor to cause to be examined, audited and adjusted, the various accounts, systems of accounts, and accounting of the various state departments and institutions." At the same session, the legislature changed the fiscal year, making it end June 30. On July 1, 1922, the new system of central accounting control was installed in all of the departments of the state government.

The system adopted, which is based on the recognized principles of pre-audit and double entry control accounts, provides that each collecting agency, whether collecting funds for general or special purposes, shall immediately upon collection make deposits of such funds directly with or to the credit of the state treasury as provided by him and upon the certificate of the state auditor; that the collecting agency shall keep a complete detailed classified record of all collections made, and shall report same to the state auditor on the first day of each month to be checked against the control accounts; that disbursement of these funds be made only upon the warrant of the state auditor, upon the proper requisition of the department head or other constituted authority; that each requisition be accompanied by invoice or other recognized supporting document; that the department making requisition on the state auditor shall keep a complete detailed record of each requisition made; and finally, that the requisitioning department shall each month submit a detailed classified report of requisitions to the state auditor to be checked against the controlling accounts and audited against the requisitions and warrants drawn during the month.

Such fiscal control over receipts and disbursements provides a means of ascertaining from one source, instead of many, the actual condition of the state's finances and is of value not merely to the respective departments, but especially to the budget authorities in collecting necessary financial data of each agency or activity.

COUNTY AUDITS BY STATE

The general assembly at the same session in 1921, passed another far-sighted act looking to the supervision of county finances. This law provides that the state auditor shall audit at least once each year the accounts of all counties and county officers of the state, and make improvements in the accounting systems of counties. The costs of audit are to be borne by the counties should the audit disclose any funds due the state. If, however, it is shown that the counties do not owe the state any money for any uncollected or unpaid taxes, the cost of the audit is borne by the state. In the majority of instances, it has been found that the counties have owed the state money, and as a result of these audits, approximately $40,000 has been turned in to the state treasury. The act does not apply to counties employing a full time county auditor; but the state auditor has power to make audits in such counties provided no additional expense to such counties is entailed.

MATERIAL PROGRESS

North Carolina, with over 2,559,000 people, has nearly doubled her population in forty years. The capital invested in manufactures is over $669,000,000, or three times what it was ten years ago, and the value of her manufactured products is now about ten times the value of the state's manufactured products in 1900. There are today 1,146 textile plants in the South, of which North Carolina alone has 513

with 5,321,450 spindles, or a million more than the entire South had twenty years ago. She stands fifth in the value of her agricultural crops, being led only by Texas, Iowa, Illinois and California in the order named. Last year her crops were valued at $342,637,000, with cotton at $104,370,000, with tobacco second at $93,003,000, and corn third with a value of $44,963,000. The total value of her farm crops last year was twice the value of her farm crops ten years ago.

In public health work, North Carolina ranks among the twelve foremost states in the Union, and has moved forward in this field faster than any other American state. She stands first in the birth rate, which totals 33.8 per 1,000, and seventh in mortality, the rate being 11 per 1,000. Twenty-nine of her hundred counties operate full time county health departments, and eighteen others support visiting nurses, which account in no small degree for her progress in health work and in the reduction of the mortality rate.

DEBT LIMIT, SINKING FUND PROVISIONS AND OTHER RECENT PROPOSALS

It does not require a strain on the imagination to realize that the state could not embark upon so many new enterprises nor accomplish such an ambitious program of highway construction, educational and welfare improvements and other advancements without a material increase in her public debt. As has been stated, the highway program alone calls for an outlay of $65,000,000. Permanent enlargements of her institutions represent an expenditure of $16,000,000, and the school building fund required another $5,000,000. For these three items alone a total of $86,000,000 has been added in less than three years to the bonded indebtedness of the state. On January 1, 1921, the total debt, including $4,000,000 of short term notes, mounted to $12,000,000. On January 1, 1923, the total approximated $100,000,000, an increase of over 700 per cent in two years; and yet the vast majority of the people are satisfied in their own minds that such increases have not only been justified but urgently required, if the state is to maintain her leadership in the South and to provide for her growing industrial, agricultural and educational expansion.

And yet this abnormal increase of the public debt is not due to the fact that the state finds a ready market for her bonds. There are sanity and intelligence behind this apparent orgy of spending. Evidences of this were shown in two constitutional amendments passed by the recent general assembly, one of which provides that the total indebtedness of the state shall not exceed 6 per cent of the assessed valuation of property and the other which provides for the setting up of sinking funds for retirement of maturing bond issues. These amendments will undoubtedly be ratified by the people at the polls next year, and as part of the organic law, will definitely fix the debt limit and preserve for all time the inviolability of sinking funds.

Other recent proposals are those to create a state medical university which will be unrivalled in the South and rank well with the best of the northern colleges; an appropriation of $500,000 for the rehabilitation of the fish and oyster industry; and a measure sponsored by Governor Morrison for the establishment of state owned and state controlled ship lines for the operation of boats between the hitherto neglected ports of North Carolina and the seaboard cities of the north. The last general assembly created a special ship and port commission for the pur-

pose of studying the situation and to report at the next session on such matters as the development of ports, terminal facilities, the purchase of boats and competitive rates. The supporters of this plan believe that its operation will eliminate the discrimination which now exists in rates between North Carolina and the South Carolina and Virginia ports.

STATE REORGANIZATION

Not content with progress made in the fields of education, industry, agriculture, taxation and finance, the state is looking within and has determined that if she is properly to provide for the new activities undertaken, she must first set her own house in order and develop a machine which will function efficiently.

In 1922 the state auditor, Major Baxter Durham, instituted a survey of all state departments and agencies in conjunction with the new accounting system. As a result of the investigation it was found that there are 66 separate and isolated agencies, not including the institutions, independently carrying on state activities. For example, it was found that seven departments were levying and collecting taxes, and five departments including the state board of education, performing engineering functions. The constitution vests in the governor the supreme executive power of the state and yet the legislature consistently has witheld authority commensurate with the constitutional responsibility. Fourteen state officers are elected by the people, including seven constitutional officers, and there are twelve methods of appointment, the majority of which divides or withholds completely the authority of the governor.

Briefly summarized, the reorganization report recommends the abolishment of some 36 boards, commissions and other agencies and the transfer of their functions to the proper department. Under the proposed plan, there will be but 16 departments, each performing a clear cut major function of the state government. The heads of these departments with the exception of the seven constitutional officers, will be appointed by the governor, with confirmation by the senate, for a term of four years and each shall be removable by him. It also provides for the creation of an executive budget which shall be initially prepared by the governor and who shall be responsible for the financial program of the state. It further provides for a state purchasing agent in whom shall be vested full responsibility for the central purchase of all supplies and materials used by the several state departments and institutions. The plan also provides for the placing in the department of highways and public works all construction and permanent improvements whether for state departments or institutions.

All of the recommendations contained in the report and embodied in the supporting bill are to be carried out by statutory enactment. It is contemplated ultimately that constitutional amendments will be introduced for the purpose of placing the plan permanently in the constitution and thereby limit the creation of new departments, reduce the number of constitutional officers to the governor, lieutenant governor and state auditor, and provide for an executive budget.

The recommendations contained in the report were incorporated in a bill known as the civil administrative code and introduced in the last days of the session. Owing to the brief time for consideration, no action was expected, but the plan is now officially before the members of the general assembly. It will undoubtedly be a major issue at the next session, and it is confidently expected that it will be adopted.

RECENT BOOKS REVIEWED

STATE GOVERNMENT. By Walter F. Dodd. New York: The Century Co., 1922.

STATE AND MUNICIPAL GOVERNMENT IN THE UNITED STATES. By Everett Kimball. Boston: Ginn and Co., 1922. .

The two principal books which have been added recently to the meagre literature of American state government present a marked contrast. Walter F. Dodd's *State Government* is a masterful piece of original descriptive criticism, even though parts of the book repeat other parts more than is necessary. Into it Dr. Dodd has packed in terse sentences his observations and conclusions from the Illinois and Ohio reorganizations, the Illinois constitutional convention, and his other excellent opportunities for a "detailed and scientific observation of the manner in which governmental institutions work."

His book is distinctive for the number of respects in which it pioneers. Such a respect is the author's presentation of the share of the states as states in the government of the nation—a modern and practical discussion of important relationships often overlooked in these days of emphasis upon the federal unit. So also is the detailed discussion of local government and political geography in their relation to the state, leading to the conclusion that "there must be over each part of the area of a state a single local agency performing all of the functions of local government for that territory but also acting as the agency of the state government therein."

Other "high spots" in the book are the discussion of the trend toward detail in constitutions and the corresponding need for ease in making constitutional changes; the chapters on the reorganization of state administration; the section on "Deposit of State Money" in the chapter on "State Finance"; and the informed and illuminating discussion of the function of legislation, which Dr. Dodd describes as a "hazardous occupation" because of multiplying constitutional restrictions and the intricacies of judicial interpretation of statutes. Legislation is an amateur function, Dr. Dodd concludes, and legislatures rightly are temporary bodies. The present disrespect for legislative bodies exists largely because the work of legislation is haphazard and purposeless. The shortcoming may be helped by simplifying legislative processes, delegating legislative authority to other appropriate bodies, and giving more power to local governments; and the future may see plans devised for regular presentation by the governor of a program of proposed legislation worked out as carefully and in as much detail as budget recommendations now are worked out.

The book is well bound and needs to be. It will be a handbook and an inspiration to advanced students and researchers.

Dr. Everett Kimball, on the other hand, has done a piece of work of different order, which many of us at times have been sorely tempted to do. He has taken a number of the excellent textbooks and treatises on state and municipal government, salvaged the points of special merit of each, condensed them, and produced a single volume adapted to use in college undergraduate classes. His book, *State and Municipal Government in the United States*, is drawn principally from the treatises of Holcombe and Mathews on state government and Fairlie, Munro, McBain and Goodnow on municipal government. The author specifically disclaims anything more than an exposition of existing institutions, and, as he says further, he "ventures to disagree" with the authors of his secondary source material only occasionally and with considerable hesitation. But his discrimination is commendable, and his book concise, polished, and not too much marred by his proneness to apologize for facts which he dislikes. He has performed his undertaking well. He has succeeded in putting into 305 pages on state government and 245 pages on municipal government practically all the meat for which teachers have been in the habit of sending their classes through multitudinous scattered pages of uninteresting repetition. The usefulness of the book probably is limited to undergraduate classes in municipal and state government; but for many such classes it should be a real boon.

EDWARD T. PAXTON.

GOVERNMENT IN ILLINOIS. By Walter F. Dodd and Sue Hutchinson Dodd. The University of Chicago Press, Chicago, Ill. 1923. Pp. 479, with charts and maps.

Government in Illinois is a well-written and elbadare book, although rather elementary in its treatment of the subject. The elementary character of the book, however, is no criticism of the value of the work. History had been written many times by many authors, but never quite so effectively (if we may judge by the popularity of the book) as when it was written primarily for children by Van Loon. Certainly we need more of this point of approach and style of writing in the field of government. Books that tell in simple and vivid language how governments, state and local, are organized, what they do, how they work, and where the "poor voter" comes in are almost as scarce as the proverbial "hen's teeth."

Here is a book that is written with the idea of giving the citizen, who wants to know about the work of his state and local governments, a clear-cut picture of the whole field. Frequent use is made of charts and diagrams in showing the organization of state and local governments and the relation of the one to the other. The text is adapted to the use of students and for this purpose it should meet with general favor. The authors are well qualified from their experience and contact with state and local government in Illinois and elsewhere to write on the subject. Mr. Dodd has already written in his *State Government* what is to date perhaps the best book on the subject.

A. E. BUCK.

✻

Careful Study of Local Government

[1] The Joint Committee on Taxation and Retrenchment in New York state has reported illuminatingly on local government units. This is a portion of a more general study which the legislature has been conducting for the last four years under the chairmanship of Frederick M. Davenport, for the senate, and Franklin W. Judson, for the assembly and deals chiefly with country and town governments. The staff has been directed by Luther H. Gulick.

This undertaking is probably the first really intensive research study which has been made in this country of a state system of local government, outside of municipalities. It is gratifying to note that interest in this subject originating some ten years ago in the local efforts in Westchester and Nassau counties, after receiving only moderate attention at the hands of the constitutional convention in 1915, has been revived to the point where the legislature takes the initiative in going after the facts in a comprehensive way.

The time for such a development is surely ripe. The preservation of such antiques as town governments which have survived with but slight changes of form since the time of the Duke of York's Laws in 1664 is in the nature of a public luxury, and stands in the way of effective public service, as the report conclusively shows. It might even be remarked that the process of Americanization in these units is somewhat overdue!

It is not surprising to find that such governments are operating under laws long since repealed, have no budget systems and are generally wasteful, or that their collectors of taxes sometimes come to the county treasurer with bags of money the amount of which they do not know, or that poor relief costs, in some instances, a dollar for administration for every dollar distributed.

The committee recommends what are undoubtedly the obviously sound remedies: the development of a really responsible county government with a central executive, and then, the transfer to the county of many of the functions now exercised by the towns. The committee believes, however, that no uniform system of organization and administration can or should be imposed upon the entire state. In so far as is possible it bases its recommendations on successful experiments of different individual counties and towns.

The merit of reports of this kind lies largely in the care and thoroughness in handling specific conditions. Space forbids even an enumeration of the chief of these, much less any adequate critical comment. Suffice it to say, that the reputation of the chairmen and the staff for sound workmanship in public investigations has been fully sustained.

Possibly the emphasis might be somewhat more effective. Numerous faults are pointed out in town and county systems. It is not altogether clear which of these are the most serious. Which of the several proposed remedies should be striven for first? While these, perhaps, involve

[1] Legislative Document (1923)—No. 55.

political considerations, it seems to the writer that the research staff cannot fully escape responsibility for dealing with them.

The committee seems to feel that centralization of the state administration has already proceeded too far in New York state. Specifications in support of this view are entirely lacking. The omission is unfortunate in that it takes away from the completeness of the description of the influences that are really an integral part of local government. The people of the state should be interested to know to what extent their local affairs are determined by these state agencies. Such knowledge might be exceedingly wholesome at election time.

The interesting thing will be to see how readily up-state New York receives the valuable information which this report contains. Or will they remain content to be bound by tradition originated by an ancient and long since disintegrated scion of the house of York?

H. S. GILBERTSON.

*

Sources of New York City Government

Arthur W. MacMahon of the Department of Public Law of Columbia University has done a careful piece of work on a technical subject in his book entitled *The Statutory Sources of New York City Government.* It is potentially of considerable value in connection with future efforts to revise the charter and other local laws affecting New York city. It may be commended also to anyone curious to know why charter revision in this city has always been such a back breaking job—as contrasted with the easy off-hand way in which some of our western cities produce for themselves over night a new system of local government.

Mr. MacMahon points out that bulky and prolix as is the present city charter, passed by the legislature in 1901, it did not even start out as a completely inclusive body of local laws. It left unrepealed all prior legislation which was neither "inconsistent" nor "the same in terms or in substance and effect." In particular this left standing many of the provisions of the Consolidation Act of 1882, which in its time contained a more complete codification of New York City Law than has since existed.

Any complete examination however of the still existing legal sources of the city's government must go back through a long history of special local legislation affecting the many municipalities and the several counties which were absorbed into the greater city. Many of the old rights and powers have been handed down to the present municipality by broad and vague statutory clauses. Even the ancient royal charters must not be wholly ignored.

Since the passage of the present charter in 1901, in addition to very numerous amendments to this charter, the legislature has passed more than a thousand other local bills which entirely disregard the charter though specially aimed at the government of New York city or specially affecting the interests of its inhabitants.

The author of course mentions also general statutes of the state having a special bearing upon the city. The more significant of these are by no means the important sounding "General City Law" and the "General Municipal Law" but such statutes as the Public Service Commission Law and the Tenement House Law. All of which goes to show that the city's existing body of law is an intricate web which can not be unraveled by even the closest attention if it be directed solely to what is known as the city charter.

Charter commissions in the past have been either too timid or too busy with structural changes to attempt to codify and compress this vast complex of laws.

The author goes on to review various attempts to empower the local authorities in one way or another to change the sources. In particular he sets forth the gradual development of the principle of the conditional repeal of legislation. This was applied in the charter of 1897 as affecting the local building laws. All the old laws were repealed contingent upon local enactment of a building code. In the charter of 1901 there was a contingent and suspensory repeal of forty-six designated charter sections. It has also been used in a grant of local power to fix salaries irrespective of provisions of existing laws. The power of the legislature to use these devices of conditional repeal has been judicially sustained, especially in the case of *Cleveland* vs. *Watertown*, 222 N. Y. 159.

This very brief review may be closed by quoting one of the chief final recommendations as to processes of revision.

"The search for a practicable method of disposing of the masses of special statutes not covered in the charter leads to a final alternative. This method combines features of the two schemes of conditional repeal already discussed.

In its bare essentials, it would involve the following steps: (1) the enactment of a new and shortened charter, to take effect upon a date fixed at least two or three years in advance; (2) the provision therein for the repeal, as of that date, of all statutes or parts of statutes affecting the government of New York city except such as the legislature might specifically reserve from repeal; (3) the concomitant requirement that in the meantime a local body (appointed, perhaps, by the law department of the city) should examine all legislation thus subjected to repeal and should prepare an orderly consolidation of whatever in it was of current use; (4) thenceforth, this consolidation would be subject to local modification."

If the pending amendment to the New York state constitution for enlarging the powers of local self government is ratified this fall, the author of this interesting book can do a further service by writing another chapter or two to relate his subject more directly to the new and still difficult problems which will then be created.

RAYMOND V. INGERSOLL.

ITEMS ON MUNICIPAL ENGINEERING

EDITED BY WILLIAM A. BASSETT

The Need for Uniform Regulations Governing Motor Truck Operation.—The present variation in state requirements governing the operation of motor vehicles has been for a considerable time a source of frequent annoyance and illustrates the need for universal standards governing such matters particularly as lighting, rules of the road, etc. More recently the enactment of legislation regulating the loading of trucks, in some cases substantially reducing the permissible loading, has created a difficult situation where two contiguous states have somewhat widely varying requirements governing this matter.

An unusual example of this kind is that of the two states, Michigan and Ohio. The advantage lies with the Ohio truck owner operating in Michigan as the maximum requirements of the Ohio law are well within the Michigan provisions. However, trucks operated by the Michigan owners while complying with the law of their own state may be held for violations when operating over Ohio roads. In the matter of permissible gross weights there is considerable difference in the requirements of the two states. The Michigan law sets a maximum gross weight of 14 tons to be reduced by 1927 to ten tons while the gross weight permitted at the present time in Ohio is limited to ten tons. A maximum of 18,000 pounds on one axle is permitted in Michigan while the requirements in Ohio is 16,000 pounds. The loading per inch width of tire is 600 pounds in Michigan while in Ohio this ranges from 450 to 800 pounds per inch depending upon the type of tire used.

A 40-foot length truck unit is allowed to operate in Michigan while in Ohio 30 feet is the limit. A truck train in Michigan is limited to 60 feet and in Ohio 85 feet is permitted. There is also a variation in the speed laws of the two states. In Michigan trucks or truck trains whose total weight aggregates 9 tons and which are more than 40 feet long are limited to 15 miles per hour. The Ohio laws limit trucks with rubber tires weighing more than six tons to 12, 18 and 21 miles an hour depending on the districts in which they operate. A truck train consisting of one or more trailers is limited to 8 miles an hour in Ohio and trucks with steel tires and weighing more than 6 tons are limited to 10 miles an hour. The limit in Ohio for trucks equipped with solid tires and weighing more than 4 tons is 12 miles in some districts and 15 in others. In Michigan trucks weighing from 4 to 9 tons are limited to 20 miles an hour and those ranging from 2½ to 4 tons are limited to 25 miles an hour.

Conditions such as these enhance materially the difficulty of effective regulation of truck loading. If Ohio officials enforced the requirements of that state uniformly on trucks traveling from Michigan undoubtedly it would result in situations producing frequent causes of disagreement with the likelihood of delay to traffic and possibly financial loss. A Michigan shipper operating within his state in accordance with the law in so far as loading is concerned would naturally feel agrieved and hostile towards any attempt on the part of Ohio officials to interfere with the loading of trucks after crossing the boundary between the two states. At the same time Ohio officials should take prompt action to enforce such requirements as may be deemed essential to the preservation of the state road systems.

Unquestionably one of the most serious needs in respect to traffic regulation is the universal adoption by the states of a sound schedule governing truck loading. Such a schedule should recognize the type of road construction and its carrying capacity and its enforcement would demand careful routing of traffic over roads according to their carrying requirements.

Sidewalk Arcades to Relieve Street Traffic Congestion.—The construction of sidewalk arcades along certain of the more important streets of New York city, which are at present seriously congested by traffic, is recommended by Arthur S. Tuttle, chief engineer of the board of estimate and apportionment of that city, as a means of relieving the congestion. Although traffic congestion is pronounced in many streets throughout the city, the greatest need for relief exists along the north and south avenues of Manhattan. These thoroughfares during certain hours of the day are filled with traffic almost

to capacity. The most conservative estimate of probable increase in traffic during the next few years indicates the likelihood of a most serious situation within that time unless provision is made for a material increase in street space. The logical solution would, on the surface, appear to be merely a matter of street widening. However the congestion occurs on streets where the value of land and buildings is so high that relief through street widening could be obtained only at very great expense.

The construction of arcades offers a means of providing relief in an effective way without necessitating the complete destruction of buildings or the withdrawal from taxation of large areas of great value. There are a few examples of sidewalk arcade construction in this country although extensive application has been made of this plan in European cities. In New York the Municipal Building along Chambers Street is perhaps the best example of arcading although differing from the ordinary in that the building itself bridges the entire street. At the same time this gives an excellent idea of the practicability of constructing such arcades without in any way detracting from the appearance of a building. The general effect of an arcaded sidewalk is also illustrated by the Madison Square Garden on the east side of Madison Avenue between East 26th Street and East 27th Street, although this structure does not constitute true arcading as there is no overhanging building.

A well-known arcade in Paris, which in its character and location offers conditions in a way comparable to those along, say Fifth Avenue, New York, is the Rue De Rivoli, the famous shopping street of Paris. It is stated that the absence of sunlight in the shop windows along that thoroughfare is not considered a disadvantage to the display of goods but rather that the artificial lighting necessary enables more artistic effects than would ordinarily be possible.

In discussing the practicability of carrying out the arcade treatment along New York streets under powers now held by the city, Mr. Tuttle calls attention to the following details in the contemplated treatment: The arcaded area would include a width of from 15 to 20 feet in streets where the depth is at right angles to the street line and a width ranging from about 13 feet to about 16 feet in cases where the arcade would traverse the longer dimensions of the lot. The rights to be taken by the city would extend from a plane 3 feet below the street grade to a plane adapted to the building development which has taken place or is expected to take place. Provision would be made permitting private use of certain areas within the arcade for the support of the overhanging building. Also the city would have to take rights for the support of sidewalks in case it was not allowed to support them from walls or columns of the abutting building.

The report states that in taking easement rights of this character it is assumed that the city would secure all necessary authority for improving and utilizing the space reserved for columns in the arcaded area pending their construction as well as the right to install in them street lighting facilities, fire pressure hydrants, fire alarm and police telephone facilities and mail boxes. The arrangement contemplated indicates that ample rights may be acquired by the city for sidewalk arcades without seriously interfering with the private utilization of the areas above and below these. However, in order to accomplish this without undue damage to improvements the arcaded area must be so laid out as to conform so far as possible with the structual details of existing buildings. Another detail of the proposed plan is to place the curb line 3 feet outside of the building line or the exterior of the arcade. This is said to be a somewhat greater distance than it usually provided for but has the advantage in that it furnishes space which can serve as a safety zone for pedestrians and also protect the columns of the arcade against possible injury from passing vehicles which in many cases project far beyond the wheel base of the vehicle.

Investigations made of the intensity of traffic crossing 42nd Street indicates that the installation of arcades on the line of each of the intersecting streets would enable increasing the number of traffic lanes along those thoroughfares from 55, the present limit, to about 105, thus nearly doubling the present capacity.

One obstacle to the application of the principle of arcading in American cities is the widely varying architectural conditions that exist. The construction of sidewalk arcades even for a single block, unless that block happened to be occupied by one building or by a group of buildings with similar architectural treatment, would be liable to result in a sort of architectural hodge-podge. The wide variation in the height of the first story of adjacent buildings obviously would enhance materially the difficulty of securing a uniform and satisfactory design. Also it is quite probable that the acquisition of necessary easements for the construction of arcades could

only be obtained after long delays and considerable expense.

The stand has been taken with considerable justice by many engineers that arcading does not offer a solution of the traffic congestion problem but is merely a palliative. At the same time the proposal made for this method of treatment by Mr. Tuttle would appear to offer a relief from a situation already serious and which will become more so each year at a cost far lower than any other method would entail. At least this proposal deserves most careful consideration both by the city government and the interested public.

*

Controversy over Paving Contracts in Boston.—A recent sharp controversy between the Boston Finance Commission and the city government with regard to the policy followed by the latter in the award of contracts for paving work discloses a situation local in character but one that involves the application of principles ordinarily recognized as governing such matters, which are of more than passing interest. The Boston Finance Commission has taken exception to the action of the city government in respect to the following matters relating to paving contracts:

1. The practice of limiting alternate-type contract proposals for bituminous street pavement construction to sheet asphalt and Warrenite-bitulithic;

2. The award of paving contracts to other than the low bidder;

3. Unnecessary delay in advertising and awarding contracts for street improvement work.

Before discussing the various points raised by the Finance Commission in respect to these matters, it is desired to call attention to the relation of that body to the city government. The Boston Finance Commission was appointed in 1907 by the mayor of the city under authority of the city council. The commission comprises seven members, one person being nominated by each of the following organizations: The Boston Chamber of Commerce, The Associated Board of Trade of Boston, The Boston Real Estate Exchange, The Boston Merchants' Association, The Boston Clearing House Association, The Boston Central Labor Union and the citizens associations of Boston. The members of the Finance Commission serve without pay but are authorized to employ such experts, counsel, and other assistants as are necessary to carry on the work of the commission. Subsequently the Massachusetts legislature conferred on the commission broad powers in the matter of conducting investigations concerning the administration of the city government. Established originally to examine all matters pertaining to the finances of the city, the scope of the work of the commission has been extended from time to time until it has included problems relating to most of the important activities of the city government. Moreover, in general the Finance Commission has furnished valuable service to the city government and served a distinctly useful purpose.

With regard to the practice followed by the city government in the matter of advertising contracts for bituminous pavement construction, the Boston Finance Commission, in a letter to Mayor Curley published in the *Boston City Record* of March 31, makes the following statements:

1. Last year in the large cities of the United States there were laid 79,100,000 square yards of bituminous pavements, of which 56,500,000 square yards, or 74 per cent, were sheet asphalt.

2. Sheet asphalt is the standard bituminous pavement for heavy traffic in all the large cities of the United States except Portland, Oregon, and Boston.

3. The use of bituminous pavement other than sheet asphalt is confined to streets of light and medium traffic and to country roads.

4. Last year in Boston in twenty instances (comprising practically all that was done) competition was restricted to two kinds of bituminous pavement, sheet asphalt and Warrenite-bitulithic, the latter an untried type of pavement in Boston.

5. These two types of pavement were put in competition with each other, although it is well known that the cost of manufacturing and laying the Warrenite-bitulithic pavement is about one-third less than the cost of manufacturing and laying sheet asphalt.

6. In fifteen of the twenty instances, sheet asphalt was offered at lower prices than Warrenite-bitulithic, yet only four of these lowest bidders were awarded the contracts. Eleven awards were for Warrenite-bitulithic at a higher price. Seven of these eleven awards were made to the Warren Brothers Company at $34,600 in excess of the lowest bids. This company claims to be the owner, under certain patents, of Warrenite bitulithic.

7. This procedure cost the city, figured on the basis of the bids, $36,917.75. But a greater cost to the city is still to come, due to the necessity of excessive repairing and an earlier replacement of the entire pavement than would be necessary if the more substantial kind of pavement had been chosen.

It is not the intention of this magazine to participate in any discussion of the relative merits of sheet asphalt or Warrenite-bitulithic pavements for various conditions. Both of these pavements have their field of usefulness. Nor is it intended to lend support to a policy

followed by the city of Boston which is, to say the least, of doubtful wisdom. At the same time the sweeping criticism made by the Finance Commission with respect to the matter of competition between sheet asphalt and Warrenite-bithulithic for paving purposes would indicate either that the Finance Commission was ill advised on this particular subject or did not consider carefully local conditions.

It appears that a considerable part of the bituminous paving work in Boston under discussion was to be laid on water-bound macadam or foundation of a similar character. Experience elsewhere has demonstrated the practicability of using either sheet asphalt or bituminous concrete such as Warrenite-bitulithic advantageously under such conditions. Also it should be noted that Warrenite-bitulithic pavement as now laid is two inches thick. The lower layer, approximately $1\frac{3}{4}$ inches thick, is of a material which is similar in composition to the so-called close binders used in standard asphalt construction, and also similar to the old type of bitulithic. Over this layer, while hot and before rolling, a second thin layer is spread. The surface material is of a mixture similar either to sheet asphalt surfacing mixture or to the Topeka mixture, so-called, depending on the proportions of sand and small crushed stone used. The two layers are rolled together, making a pavement approximately 2 inches in total thickness.

It is quite true that sheet asphalt has been used more extensively than any other type of bituminous pavement for paving purposes in American cities. At the same time there is an increasing use of asphaltic concrete pavement construction by cities even under conditions of heavy traffic. That properly constructed asphaltic concrete will successfully withstand intensive traffic has been demonstrated by numerous examples among which is the famous heavily travelled Michigan Boulevard of Chicago. A decided advantage possessed by asphaltic concrete over many other types is that it permits ordinarily the utilization of local construction material. There is also a disposition on the part of many engineers to look with favor on asphaltic concrete pavement construction for city work on account of its freedom from "shoving" which is at times a troublesome characteristic of sheet asphalt.

In the matter of cost of manufacture and laying it is entirely possible to have conditions that would result in a favorable comparison between a three inch sheet asphalt pavement and one comprising a two-inch Warrenite-bitulithic of the type now laid. It is true that the abundance of crushed stone, in the vicinity of Boston, of a quality suitable for road purposes, should enable securing lower prices for the latter type of pavement than could be obtained for sheet asphalt. This point, apparently, was not emphasized in the report of the finance commission. All in all the commission's criticisms of the policy followed by the city in respect of the selection of type of pavement together with the claims made of substantial losses resulting from such policy are not particularly convincing.

The Finance Commission is on sounder ground in its criticism of what appeared to be unfair and arbitrary methods followed by the city government in the award of contracts to other than the low bidder. There are conditions where a practice of this kind is justified in order to exclude undesirable bidders. The facts published with regard to examples of this sort of discrimination in the award of paving contracts by the city government of Boston do not indicate that any such action was required in order to protect the city's interest. Also the Finance Commission is on firm ground in its criticism of the delay in advertising and awarding paving contracts. Sound policy in this matter demands that contracts for paving work should be advertised as early in the year as possible. This practice attracts competent contractors and results in more favorable prices and a better assurance of satisfactory work than obtains when there is unnecessary delay in awarding street contracts. Unquestionably the city government of Boston should consider seriously correcting certain of the obvious defects in its policy governing public works contracts. The facts disclosed in the Finance Commission's recent report on paving contracts amply demonstrate the need for a change. In bringing this matter to the attention of the public the Finance Commission has done a real service. It is unfortunate that in doing this service the Commission should have permitted the publication of statements on such an important matter as the selection of pavements that were inconsistent with recognized practice and somewhat misleading in character.

There is a place for more organizations such as the Boston Finance Commission. The service furnished by these commissions should, however, always be of the highest professional standard and free from prejudice.

As the situation now stands under the budget amendment the governor and the legislature each have the power of veto over the financial proposals of the other. The governor can cut down any appropriation made by the legislature that has not been recommended by him and it takes a two-thirds vote to override him. The legislature can cut down any appropriation proposed by the governor and he has no recourse.

Another difficulty about this year's budget procedure seems to involve some trouble for the administration. The governor did not include in his budget bill the appropriations for so-called self-supporting departments, like the fish and game commission, and certain continuing appropriations. The real reason for this seems to lie in the fact that it would apparently increase his budget some ten or fifteen million dollars over the budget of the preceding biennium. While a perfectly good explanation could be made of this apparent increase, it seemed better from a political standpoint not to have to make it. Now, the state comptroller has refused to draw his warrant for any expenditures not included in the budget bill on the ground that the budget amendment requires that all appropriations of whatever character must be included in the budget bill. This is only one of the legal questions that has arisen from the operation of the budget amendment.

Another important question involves the power of the governor to wipe out an institution established by law merely by eliminating the appropriation for it from the budget. This is a power that does not seem to have been contemplated before the budget amendment was adopted. However, the budget as presented by the governor attempted to exercise this power with regard to some of the state agencies. This attempt was subsequently abandoned, but the question remains and will probably be brought before the courts. Of this and other things that have contributed to the budget muddle in California, we expect to hear more anon.

A. E. Buck.

✻

Further Comment on Bonded Debt of Cities.—In the comparative bonded debt statement of 36 cities as of January 1, 1923, appearing in the May Review, page 245, certain figures require further explanation.

Mr. George M. Link, secretary of the board of estimate and taxation, Minneapolis, has called attention to the fact that the gross total bonded debt as reported for Minneapolis, $37,512,106, includes the portion of special assessment bonds assumed by the city, amounting to $2,684,906. The total of street and park improvement bonds outstanding on January 1, 1923, was $9,304,086, and in the compilation the portion of such bonds standing as an assessment against benefited property, totaling $6,619,180, was deducted.

The details as to purpose of issue of the general bonds reported, $19,775,606, were not called for at the time of preparing the tabulated statement, and it was therefore not brought out that the portion of special assessment bonds assumed by the city, amounting to $2,684,906, was included therein. If this latter amount be deducted from the gross total reported for Minneapolis, the revised gross total will be $34,827,200, and, assuming no change in the sinking fund, the per capita debt will be $83.60.

In this connection it may be noted that the portion of special assessment bonds assumed by the city is included as a part of the obligations of the city of Minneapolis which affect the net bonded debt of the city, whereas the bonds assessed against benefited property are legally deducted from this gross debt.

The figures for Toronto and Montreal, also, include the city's share of local improvements bonds, due to the fact that in collecting the statistics from the several cities, request was not made for an itemization of the amount reported under the heading "general bonds" to show the details by purpose. This itemization would have disclosed any special assessments bonds assumed by the city.

The figures for Toronto should be revised to read:

General city bonds	$44,624,952.00
Gross total bonded debt	131,359,930.00
Sinking fund	24,085,275.00
Net total bonded debt	107,274,655.00
Per capita net debt	202.76

The figures for Montreal should be revised to read:

General city bonds	$115,328,069.00
Gross total bonded debt	138,717,121.00
Sinking fund	13,645,912.00
Net total bonded debt	125,071,209.00
Per capita net debt	202.22

Thus, the figures for Toronto and Montreal are revised to correspond with the figures of the other cities. However, for these two cities the portion of special assessment bonds assumed by

the city are not deducted, as proposed for Minneapolis, as the amounts thereof are not available at this writing.

It becomes a matter of judgment and opinion whether the city's portion of special assessment bonds should be deducted, as proposed by Mr. Link. The compiler of the data concludes, after some consideration, that it would be illogical to deduct them, because they constitute in fact a part of the bonded debt outstanding in the name of the city. The commentary accompanying the tabulation stated, with respect to special assessment bonds, that they "by law are omitted in calculations of the bonded debt." Yet the city of Minneapolis cannot omit consideration of the city's portion of special assessments. When it is added in the commentary, "We omit any consideration of them," it requires no stretch of the imagination to appreciate that the bonds outstanding against benefited property properly may be omitted from consideration. To omit the city's portion, when the city adopts the special assessment method of financing its portion of the cost of such improvements, is unreasonable when consideration is given to this principle of financing as applied to the tax rate,—and this study is a complement to the tax rate compilation published in the December, 1922, REVIEW. Obviously, the tax rate is lower than if the city finances these costs through annual tax levies, and yet the bonded debt is lower if the burden is not included as a part of the bonded debt.

However, when the facts are submitted in full, the reader who is interested may arrive at any conclusion he may desire, and so the compiler has been glad to furnish the additional data. As one correspondent wrote him: "This experience only shows the difficulty of making comparative statistics comparable, with the lack of standardization of terms, great differences in methods of financing, and the natural dangers resulting from collecting information by correspondence, which is the only way in which they can be collected."

C. E. RIGHTOR.[1]

*

Rent Control Legislation in the United States.[2]—In connection with the consideration of the question of whether rent control legislation was necessary or desirable in Pennsylvania and more especially for the city of Philadelphia, the Philadelphia Housing Association recently made a study of the extent to which attempts had been made throughout the United States to control the evil of excessive rents.

While this study is necessarily not a complete one, the facts disclosed by it are of considerable interest. In response to letters sent to cities reported to have enacted emergency rent legislation a number of replies were received and the association has analyzed the various measures adopted. The replies indicate two major forms of control: (a) Modification of Landlord and Tenant Laws, and (b) The Creation of Rent Adjustment Commissions.

One or the other of these methods has been tried in New York, New Jersey, Illinois, Massachusetts, Colorado, Delaware, Maine, Wisconsin, the District of Columbia and Portland (Ore.), Boston, Seattle, Milwaukee, Denver, Akron and Dayton.

The Wisconsin law, like the Washington, D. C., and the Denver laws, empowered a commission to determine reasonable rents, to prescribe lease forms, to fix damages for violations of leases and to prosecute for non-compliance of orders issued.

The New York, New Jersey and Illinois legislatures and legislatures of other states, changed their landlord and tenant laws thereby enabling tenants to defend themselves by court action, pleading the rent asked unjust and oppressive and, as a complementary control, by restricting the power of the landlord to bring summary dispossess proceedings for non-payment of increased rentals or for any subterfuge that might be attempted to accomplish the same end. These legislatures left the decision to the courts as to what constitutes a reasonable rent.

In opposition to rent control, it is alleged that the courts are clogged by rent cases, but such was not found to be the case, save in rare exceptions.

In practice these laws and commissions have brought about certain uniform results. Thus the Chicago city council committee reports: "The courts in one year disposed of 17,803 law suits involving rents which practically finished the calandar of this classification during the year. Disputes are usually settled on an average within 10 days after complaint." The District of Columbia rent commission disposed of 3,046 complaints from December 1, 1921, to November 30, 1922. The Denver commission, during the seven months it was active, handled over 2,000

[1] Detroit Bureau Governmental Research.
[2] Reprinted from *Housing Betterment*.

cases without having had a single appeal taken to the courts. In Manhattan alone, the courts handled during 1922 about 150,000 increase of rent cases and as many cases of summary proceedings for possession of premises, while the city counsel of Trenton states, "The district court of Trenton has not been clogged with litigation arising out of tenantry matters."

It has been alleged that rent laws restrict building. In no city where they have been in force has the building program been retarded. In New York where rent control was most active, the 1922 building program was one-fourth of the total program of the country and dwelling construction exceeded that of all other large American cities.[1]

Denver writes: "The average builder was satisfied with the fairness of the percentage allowed for rents by the commission" and "the building program did not suffer."

The Chicago city council committee reports: "The Illinois rent laws in no way discouraged building. Many millions of dollars have been spent in building houses since the passing of this law. Building is going forward in leaps and bounds." Chicago's housing permits in 1922 were 86 per cent over 1921 and 20 per cent over 1916—a banner year for most American cities.

Rent laws have been effective where adopted and consistently enforced. Those speculative investors who, as temporary landlords, gouge their tenants have had a warning that they must justify rental increases wherever made. The common experience of rent commissions has been that after the commissions become active the number of cases of outrageously high rents have decreased. Neither courts nor commissions have restricted rents so that returns fall below a fair earning on the investment. Both have found many cases before them where the increases asked were not excessive. Rent laws have not disturbed legitimate barter between landlord and tenant but they have controlled the new crop of get-rich-quick speculative investors that have arisen because of the emergency created by the housing shortage.

BERNARD J. NEWMAN.

[1] The fact should not be overlooked that in New York City along with the rent-control legislation there has been during this period the tax-exemption of new buildings for a 10-year period.—(Editor, *Housing Betterment*).

II. CITY MANAGER NEWS

BY JOHN G. STUTZ
Executive Secretary, The City Managers' Association

Richard Biehl, who has been manager of Westerville, Ohio, for the past seventeen months, has tendered his resignation from the position, and the resignation has been accepted by the city council. Mr. Biehl expects to engage in consulting work, and to further the city manager plan of government in the west.

*

John N. Edy, formerly of Helena, Montana, with sixteen years of public service experience, has been employed as manager of Berkeley, California.

*

C. F. Price of San Francisco, California, for eleven years connected with the engineering department of the California state highway commission, took up his duties July first as manager of San Mateo, California.

Hunter K. McGee, formerly connected with the engineering department of Clarksburg, West Virginia, was appointed city manager of Beaufort, South Carolina, taking office June first.

*

Sam Bothwell, engineer and supervisor of public works of Tyler, Texas, has resigned that position with the city July first to accept the position as first city manager of Longview. Leroy Trice, for many years manager of the I. & G. N. Railway, is now serving as city manager pro tem.

*

B. J. Pardee, who has had twenty-five years experience in engineering and managerial work, has been appointed manager of Visalia, California. Mr. Pardee was formerly with the state highway commission, is a graduate engi-

neer, and was also with the Associated Pipe Line Company. His reputation was such that he was recently called to Coalings to straighten out city affairs, and one of the first acts there was to establish a natural gas system, which is bringing the city considerable revenue.

✻

On Monday, June 4, E. H. Hawkins, former city manager of El Dorado, Kansas, was appointed manager of Kinsley. Mr. Hawkins is a civil engineer and has had experience in the managerial field in the state of Kansas.

✻

George Lewis assumed his duties as city manager of Tulare, Texas, during the month of May. He is and has been for the past fifteen years, a resident of the city. For the past fifteen years he has been engaged in the practice of engineering.

✻

D. L. Struthers, former city manager of Wilmington, North Carolina, and for the past two years county highway engineer of Gaston county, was appointed manager of Gastonia, North Carolina, on May 14, to succeed W. J. Alexander, who resigned on May 1.

✻

Robert L. Brumbalow was appointed manager of Burkburnett, Texas, at a meeting of the commission held Monday, June 18. Mr. Brumbalow, who will take office on July first, is an attorney, with residence in Waco, Texas. He was county attorney for Childress county for one term, and city manager of Childress, Texas for two years.

✻

C. W. Hamm, former assistant city manager of Escanaba, Michigan, was appointed manager of Gladstone, Michigan, on May 15, following the adoption of the city manager charter by that city on April 2.

✻

At a Meeting of the City Commission of Brenham, Texas, Mayor A. A. Hacker, acting as temporary city manager under the new charter, made a number of appointments to the various city offices which were approved by the city commissioners. A permanent city manager will undoubtedly be secured soon.

4

In an Election held the latter part of May, the city of Fernandina, Florida (pop. 5,457), gave a majority of 36 in favor of the ratification of the commission-manager law passed by the state assembly in 1921. The charter is the same as that now in effect in Tallahassee save for a few changes in the bonds of city officials.

✻

We Are Informed by A. J. Titus, mayor of Cherokee, Oklahoma, that this city, which was operating under the city manager plan by ordinance, has abandoned that form of government in favor of the commission form.

✻

The Following Cities are studying the city manager plan: Oakland, California; Trinidad, Colorado; Albany, Georgia; and Sioux Falls, South Dakota.

✻

The Durham, North Carolina, Election Quiets the Kickers.—When the council gave place to the manager type of government in 1921 it was not a sudden revolt but was the result of years of struggle. It was the third attempt to effect the change and the final victory left a disgruntled element that was ready to take advantage of any situation.

There were three main causes for the storm that finally broke in April, 1923. One of these causes exists in the composition of the community. As it is an industrial community, there are sections almost entirely made up of factory workers. These people pay little taxes as compared with the total, but require the expenditure of government funds in larger proportion than other classes of citizens. They are peculiarly susceptible to the wiles of the politician.

A second contributing cause resulted from the attitude of some members of the council. Of the eight councilmen, some were openly opposed to or skeptical of the form of government. This, of course, gave encouragement to those who wanted to start trouble.

A third cause, common in more or less degree to all cities, was the radical transition from a disconnected governmental system with its political commissions in charge of important functions of government seething with possibilities for patronage, to organized business methods without fear of special favor.

So with the stage all set the city manager took up his duties July 25, 1921. During the latter

part of 1922 the opposition began to assert itself. Various rumors concerning council meetings were noised abroad and on March 12, 1923, a petition was filed asking that an election be called to decide whether or not the present form of government should be continued. It was found that less than 900 qualified voters, barely enough to require an election, had signed the petition. The election was called for Saturday, April 14, and the fight was on.

The supporters of the present form secured the services of an influential attorney and former mayor to conduct the campaign for them. The advocates of the change spoke through a politician whose character was portrayed in the questionable methods he pursued.

The leader of the advocates of the present form showed clearly the results which had been accomplished. The opposition resorted to every form of personal abuse that could be permitted without libel.

The election was nearly three to one in favor of retaining the present form. The only precinct that recorded a majority in favor of a change was in the industrial district in which the councilmen neglected to be vigorous apostles of the form.

There is now a different atmosphere in the community that bids fair to allow real progress. The mass of the citizenship was informed that the present form of government had made good.

Since the election to change the form of government the regular election to elect a mayor and four councilmen has been held and all the old members except one were returned, practically without opposition, the exception declining to be a candidate for re-election. There is no doubt as to the feeling of the present councilmen toward the form of government, as those who were at first doubtful have become open boosters. The manager's duties will now be performed in an entirely different atmosphere than was the case during the first two years. There will be an opportunity for real accomplishment, Durham has been sorely tried and has won a fine victory and the city manager form of government has been vindicated again.

III. CITY PLANNING AND ZONING NEWS

Thomas Adams Becomes Director of New York's Regional Plan.—Frederic A. Delano, who has been selected to take the place of the late Charles D. Norton as chairman of the Committee on the Plan of New York and Its Environs, announces that on October first the enterprise will enter upon a new stage. Thus far, its work has been primarily the collecting of material as a foundation for a plan. By October, sufficient material will be in hand to permit the emphasis to be laid more and more upon actual planning. Special reports are due at that time from a group of economists who are studying the ten major industries of New York city; from members of the staff of the Russell Sage Foundation who have been studying housing throughout the region, and parks and playgrounds in congested districts; from a group of regional planners who have been studying the territory within a radius of about fifty miles from New York; from specialists in the law of city planning, on the legal aspects of the water front and other problems of regional planning; and from a number of architects who are now engaged upon a study of certain problems on Manhattan Island.

When, therefore, Frederick P. Keppel, now acting as executive secretary of the committee, retires on October first to become president of the Carnegie Corporation, the general responsibility for directing and administering the studies and operations to be carried on will be placed upon the shoulders of a professional city planner, Thomas Adams, who will become general director of plans and surveys.

Mr. Adams has been acting since January first as chairman of the Advisory Planning Group. He has had extended experience in city planning both in this country and in Canada and in England, and is in charge of the courses on this subject in the Massachusetts Institute of Technology.

The Providence Zone Plan, prepared by Robert Whitten, city planning consultant, was adopted by a unanimous vote of both branches of the city council on June 4.

Work on the preparation of the plan began almost a year ago, in July, 1922. In working out the plan, the preservation of the old residence section on the East Side Hill required very careful treatment. This section is located close to the heart of the main business district, and the old houses include many examples of the best

type of colonial architecture. Brown University is located in this section and the steep grades leading up the hill from the business center have served to keep the area fairly clear from business encroachments. With the zoning of this section for residential purposes, it is expected that it can be retained permanently as a high class residential district. Another problem was to control further development of three deckers. The zoning plan provides for large dwelling house areas from which three deckers and apartment houses will be excluded.

Providence, like a number of eastern cities, shows a strong tendency towards tenement congestion, particularly in the Federal Hill section of the city. This type of congestion is prevented, under the zone plan, from spreading to other sections by placing most of the area in which apartments are permitted in a district that will permit not more than three or four families on an ordinary 40 foot lot. The ordinance establishes a height limit in the central business section of 125 feet. Buildings may, however, be erected to a greater height on the set back principle applied in New York city. In New York, however, the set back is from street lines only while in Providence, as in the recent Indianapolis ordinance, the set back is from all property lines thus enforcing a strictly pyramidal type of construction above the 125 foot limit. The narrow street widths and the present traffic congestion therein justify the comparatively low height limit of 125 feet for the central business district.

The zoning plan was taken up with the various civic organizations and the maps and the provisions of the ordinance were published in all newspapers. When the public hearing was held two weeks before it was adopted by the council, there was no opposition whatever and not more than a half dozen requests for minor changes were presented.

✱

Baltimore Adopts Zoning Ordinance.—The Baltimore zoning ordinance, which has been in preparation for some time, was passed by the city council May 19. The city has no provision of state law expressly authorizing zoning, but acted in this matter under its home rule powers.

The ordinance provides for zoning by use, height and area. There is a residential district, a first commercial district for business with incidental manufacturing, a second commercial district for light manufacturing, and an industrial district for heavier manufacturing. There is a limitation by districts of the number of families per acre.

A board of appeals is created with the broad powers which are becoming usual for such boards and certain newer powers. Thus the board may permit in a use district any use, provided the petitioner files the consents of the owners of 80 per cent of the land deemed by the board to be immediately affected thereby. It may also allow in a residence district or a first commercial district the location, on any lot of five or more acres or bounded on at least three sides by streets not less than fifty feet wide, any use authorized in a second commercial district, with height and area provisions appropriate to such use, subject to such conditions as will adequately protect neighboring residential property. Similarly the board may receive from the owner of any tract of three or more acres a plan for use and development of the tract primarily for residential purposes, and modify the use, height and area provisions applicable to that district, provided the requisite area per family is preserved and neighboring property is safeguarded. A person dissatisfied with any decision of the board is given an appeal, of law and fact, to the city court.

There are five height districts in which height is limited to the equivalent of two and one-half, two, one and a half times and once the width of the street upon which the building is located, and, in the fifth district, to forty feet, with additional height for every foot of set back of five, four and three feet, respectively, in the first three districts. There is a maximum height in each district and provisions for towers covering not more than 25 per cent of the lot area.

There are six area districts, in the "F" district the covering of more than 25 per cent of interior or 30 per cent of corner lots, or the accommodation of more than six families to the acre, being forbidden; but in all but the intensive "A" district, 10 per cent of the lot may be occupied by accessory buildings not more than fifteen feet in height.

The draftmanship of the ordinance is excellent.

FRANK B. WILLIAMS.

✱

Zoning Has Checkered Career in Philadelphia.—There have been many ups and downs in zoning in Philadelphia. By the act approved May 11, 1915, the legislature of Pennsylvania

gave the city of Philadelphia the right to regulate the location, size and use of buildings therein and to make different regulations for different districts. The park commission of the city was also authorized to make similar regulations within a two hundred feet wide strip of property fronting on any parkway, playground or public place under its care and management. All such regulations had to be finally approved by the council.

Acting under the above authority a zoning commission was appointed for the purpose of preparing the draft of a proposed ordinance for complete zoning of the entire city. This was presented to council in December, 1919. For various reasons, among which was the fact that sufficient publicity upon which public criticism might be based had not been given to the measure, the ordinance failed of enactment.

Under the new city charter approved June 25, 1919, the mayor appointed a new and representative zoning commission. This commission after about eighteen months work and study presented to the council in October, 1921, a new draft of the zoning bill covering the entire city. In February, 1922, after three public hearings before the council committee, the bill was returned to the zoning commission for the purpose of further consideration, revision and amendment. The ordinance met with opposition from the owners of central reality, principally in the old city proper between Vine and South streets and between the Delaware and Schuylkill rivers and mainly because of differences of opinion in regard to the limitations as to the heights of buildings. The original draft provided a maximum height in the central congested section of one hundred and fifty feet at the street line with provisions for additional height by means of set backs above that limit.

Later, on November 15, 1922, the council finance committee requested the director of public works to have the commission prepare a proposed zoning ordinance and maps for West Philadelphia. In accordance with this request the commission, in December, 1922, authorized a campaign of inquiry for West Philadelphia to ascertain if the people of West Philadelphia desired zoning regulations affecting their properties, and if so what regulations should be adopted. Public hearings were thereupon scheduled in that part of the city to present the zoning subject, and also the draft of a proposed ordinance for examination, discussion and criticism.

On June 14, 1923, the zoning commission presented its report to council with the draft of a proposed zoning ordinance for West Philadelphia attached. West Philadelphia, because of its large residential character, its size and its physical separation from the rest of the city by the Schuylkill River was aptly chosen for the application of a proposed zoning ordinance. By the 1920 census West Philadelphia has 360,000 population housed in 72,500 homes and occupying about 13,600 acres. Realty assessment for 1923 is $411,975,420. It is about one-half build up to-day and with the normal rate of increase in ten years will house half a million people.

The proposed law for West Philadelphia is a complete zoning ordinance regulating the location, size and use of buildings in that part of the city. The ordinance is now in the hands of the council committee on zoning.

The proposed zoning ordinance for West Philadelphia attempts to prescribe rules for the use of a building, whether it be for dwelling house purposes, for business or for industry and segregates each kind of use to its own district. It also provides regulations governing the height to which each building in its own class of use may be erected and also determines the maximum amount of ground space such building may occupy.

JULIUS C. WAGNER.[1]

[1] Assistant Director, Department of Public Works, Philadelphia.

PROPORTIONAL REPRESENTATION
Best Basis for the City Manager Plan
Send 25c for Lft. No. 10 (How P. R. Works in Sacramento) and new Lft. No. 5 (Explanation of Hare System of P. R.)
Still better, join the League. Dues $2, pay for quarterly **Review** and all other literature for year.
PROPORTIONAL REPRESENTATION LEAGUE
1417 LOCUST STREET PHILADELPHIA

FREDERICK JUCHHOFF AND COMPANY
Certified Public Accountants
AUDITS, SYSTEMS, AND FINANCIAL REPORTS OF MUNICIPALITIES A SPECIALTY
Chicago 1141 First Nat'l Bank Bldg.
Washington 410 Star Building

GOVERNMENTAL SURVEYS on Problems of Organization—Methods—Administration—Salary Standardization—Budget Making—Taxation—Revenues—Expenditures—Civil Service—Accounting—Public Works.
J. L. JACOBS & COMPANY
Municipal Consultants and Engineers
Monadnock Building, Chicago
(Over 11 yrs.' experience in City, County and State Studies)